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No. 34,688

Britain Curbs Its Security In Ulster as Truce Holds

Gore Tells Irish Leader Of High U.S. Priority On The Peace Initiative

By John Darnton
New York Times Service

BELFAST — Security operations have been somewhat scaled down in Northern Ireland after a week in which the Irish Republican Army has stuck to its unconditional cease-fire, the senior British representative in the province confirmed Wednesday.

Sir Patrick Mayhew, secretary of state for Northern Ireland, said in reply to a question from a reporter that commanders of the 18,000 British troops and 13,000 police in the Royal Ulster Constabulary had relaxed certain security procedures in response to what they saw as "a reduced threat."

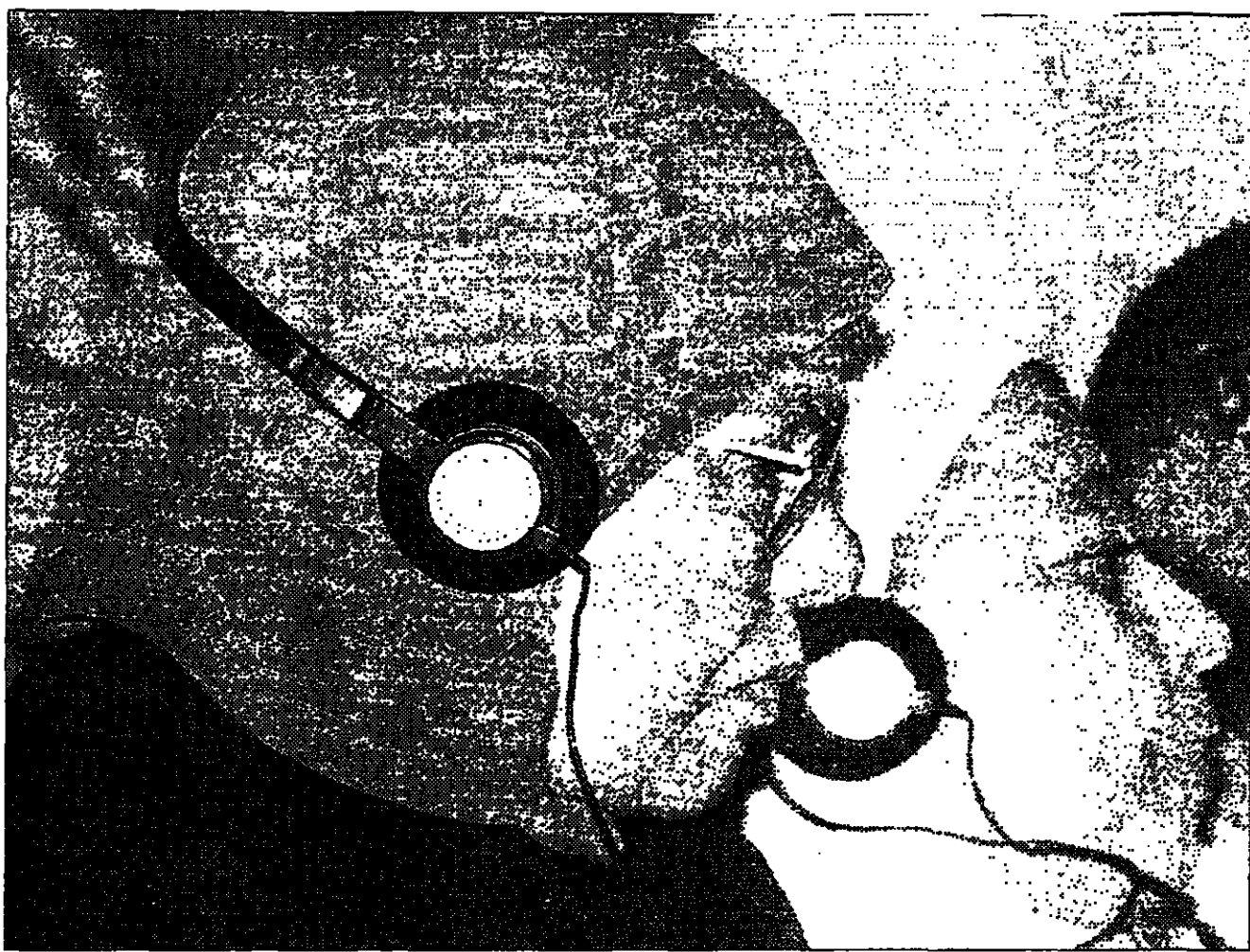
An example that he cited was largely symbolic: British soldiers switching from helmets to berets for street patrols through hostile neighborhoods. But residents noted that vehicular checkpoints around Catholic and Protestant areas of West Belfast had also disappeared in recent days.

And a sight that was jarring to outsiders but had become as familiar to those here as rain clouds over the skyline had all but gone: the green-and-brown-speckled armored personnel carriers moving ominously down streets with guns swiveling, manned by soldiers whose daring eyes peered through thick plastic shields.

The U.S. vice president, Al Gore, stopping off at the Shannon airport in Ireland on his way back from the world population conference in Cairo, was briefed by the Irish prime minister, Albert Reynolds. Afterward, he said the peace initiative was at the very top of Washington's foreign policy agenda.

Mr. Gore refrained from criticizing the British prime minister, John Major, for his insistence upon clarification of the IRA declaration, and both U.S. and Irish officials sought to play down any differences.

See GORE, Page 4



Two Egyptian women in Islamic dress listening to a speech Wednesday at the UN population conference in Cairo.

Latin Recovery Passes the Poor By

By Nathaniel C. Nash
New York Times Service

PENALOLEN, Chile — The much-hailed economic recovery in almost all of Latin America has politicians and government economists preaching the benefits of open markets, privatization, fiscal discipline and deregulation.

It would seem they have good reason. Having put aside the politics of protectionism and nationalism, and welcomed vast new foreign investment, the region's economies are expected to grow an estimated 3 percent this year. That would be the fourth consecutive year of such growth, the most robust economic

expansion in Latin America in decades. But if things are so rosy, why did peasants rise up this year in southern Mexico? Why has Venezuela had two coup attempts and continued unrest? Why have Bolivian workers staged national strikes? And why, in Argentina, considered a stellar example of economic transformation, did workers burn a provincial government building last December and march on the capital this summer?

Bernardo Ruz, a 22-year-old electrician living in this Chilean shantytown outside Santiago, the capital, has one explanation.

"The rich are making a lot of money, but we're not," he said.

"There are a lot of fancy buildings that have been built, making the big businessmen richer. The humble people like us got jobs for a while, but that is over. I haven't had work in months and everything is now more expensive. We've forgotten what meat tastes like."

Indeed, for all the benefits of Latin America's new economics — the revamping of industry, the new jobs, the controlling of inflation, the stabilization of currencies and the relatively stable

See LATIN, Page 3

Vatican Stalls Debate On Role of Abortion

Move Takes Delegates by Surprise; Host Nation, Egypt, Assails Tactic

By Barbara Crossette
New York Times Service

CAIRO — In an unexpected maneuver that angered many official delegates to the United Nations population conference and representatives of nongovernmental organizations, the Vatican on Wednesday managed to forestall for two more days any debate over how to deal with abortion in a plan to stabilize world population over the coming decades.

The Vatican maneuver, which in effect reopened an unproductive discussion on language used in only one paragraph of a 113-page document, brought sharp condemnation from Egypt, the conference host. Delegates from several nations withdrew into private meetings to try to find a way to force the issue back onto the conference floor.

"Does the Vatican rule the world?" asked Egypt's population minister, Maher Mahran, speaking at a press conference Wednesday morning shortly after discussion on the agreement was derailed by new objections from a group of Latin American nations. "We respect the Vatican. We respect the Pope. But if they are not going to negotiate, why did they come?"

The Vatican's willingness to hold an international forum to ransom to make a point on abortion has isolated it from several large Islamic nations, including Indonesia, Iran and Pakistan, as well as Egypt — leaving only a few independent conservative voices, and Afghanistan, in opposition on the margins of the Conference on Population and Development, scheduled to end Tuesday.

At the same time, right-to-life groups and Islamic radicals have stepped up psychological pressure on those attending the conference by displaying graphic illustrations of fetuses or monopolizing microphones at press conferences and seminars.

The Vatican restated its concerns about the direction the conference was taking in an address Wednesday by Archbishop Renato R. Martino, the Holy See's dele-

gate to the United Nations. He not only condemned abortion and contraception but also sought to ally the Vatican with Third World demands for more equitable sharing of global wealth and technology. He drew a connection between "permissiveness" and the abuse of women, and suggested that many family planning programs were coercive and harmful.

The Vatican's tactics provoked questions from a range of nongovernmental groups, which claim to be closer to the populations of Roman Catholic countries than the Vatican, about the fate of forth-

coming United Nations conferences on social and economic topics, including a gathering on the role of women scheduled for next September in Beijing.

"How come this is the only religion with a permanent observer seat at the UN?" Frances Kissling, the president of Catholics for Free Choice, asked at a press conference Wednesday. "How come we don't finally stand up and say we're not talking about abortion. We're talking about the role of women in church and state."

Timothy E. Wirth, undersecretary of state for global affairs and leader of the United States' delegation, said Wednesday night that this was "a time of respectful disagreement."

He acknowledged that the Americans believed on Tuesday night that the conference was close to an accord on a paragraph that dealt with the dangers of unsafe abortions as a public health matter. Agreement on that paragraph was holding up consideration of other sections of the conference's action plan still in dispute.

Rachel Kite, a political analyst for the International Women's Health Coalition, a New York organization that assists women's health groups and clinics worldwide,

See CAIRO, Page 4

Kiosk

Blasts Level Moscow Police Station

MOSCOW (Reuters) — Several people were killed and many others injured when three explosions ripped through a police station in Moscow on Wednesday, reducing it to rubble.

The Emergency Ministry said initially that at least 10 people were killed when the two-story building in the eastern district of Vykhino collapsed following the blasts. News agencies and Russian television later reported that the death toll stood at six but said several people were critically injured.

Several hours after the blast, firemen were still tearing at the wreckage to free

casualties who could be heard groaning. Witnesses said three explosions, two of them very powerful, tore through the building. A spokesman for the Emergency Ministry had no immediate information as to what might have caused the blasts.

Books Page 8.
Bridge Page 8.
Crossword Page 17.
Weather Page 18.

Pope's Cancellation Leaves Insecure Sarajevo in Limbo

By Roger Cohen
New York Times Service

SARAJEVO, Bosnia-Herzegovina — The cancellation of Pope John Paul II's visit to Sarajevo underscores the continuing limbo of insecurity in which the Bosnian capital lives, and the failure of the United States and its partners to carry out threats of tough action against the Bosnian Serbs.

It is more than six weeks since the Clinton administration and its partners in the so-called contact group — Russia, Britain, France and Germany — presented a take-it-or-leave-it proposal for a settlement in Bosnia that was supposed to lead to severe punishment for any party rejecting it. The Bosnian Serbs, who surround Sara-

jevo and hold 70 percent of Bosnian territory, stalled briefly and then dismissed the settlement, which offered them 49 percent of Bosnia, as ludicrous.

Their rebuttal has been met by silence.

NEWS ANALYSIS

division, disarray and embarrassed inaction, responses that the contact group was formed to avoid.

"Given the fact that a month and a half has gone by without any action, the outlook for the contact group has to be rather pessimistic," a U.S. official said. "But we are trying hard to hold it together."

The Bosnian Serbs' rejection was supposed to lead quickly to tighter trade sanc-

tions on Serbia, a stricter enforcement by the North Atlantic Treaty Organization of the weapons-exclusion zones around Sarajevo and Gorazde and the establishment of similar areas around other Muslim-held towns. But nothing has happened.

Just before the Pope postponed his Sarajevo trip, the Serbs fired several artillery rounds from the area around Sarajevo that is supposed to be free of heavy weapons, exactly the kind of provocation that the United States and its partners had promised to punish.

[The United Nations suspended its humanitarian airlift into Sarajevo on Wednesday after at least one UN aircraft was hit by small arms fire at the airport Tuesday, Reuters said.]

[A spokesman for the UN High Commissioner for Refugees said: "This comes after a string of incidents in July and August that frequently interrupted the airlift. Sarajevo's cupboards are bare and we will resume aid flights as soon as conditions permit."]

Problems have also arisen within the contact group. For example, the idea of tougher trade sanctions on Serbia was thrown into confusion when the republic's president, Slobodan Milosevic, imposed his own embargo against the Bosnian Serbs in an effort to persuade them to accept the peace plan.

Now Russia is pressing for sanctions on
See POPE, Page 4

Pockets of New Prosperity Dot the Old East Germany

By Rick Atkinson
Washington Post Service

GRIMMA, Germany — An East German by birth and a roofer by trade, Peter Michael Elsner these days is as prosperous, driven and overworked as any workaholic West German.

He toils 16 hours a day, often seven days a week. He grouches about long hours and high prices and skinflint customers. He bemoans the difficulty in finding good help.

He owns a new house and a couple of rental properties. For relaxation, he pilots a Cessna. He is learning English because English is the language of commerce in the new Europe.

Taking a rare weekend off this summer, he flew to Chicago to watch the German soccer team in the World Cup. And, in a backhanded tribute to Mr. Elsner's affluence, a thief recently stole his new Mercedes-Benz.

Palmy days are here again in the former East Germany, at least for a growing segment of the region's 16 million residents. Pockets of prosperity have taken firm root, nurtured with Eastern enterprise and Western money, giving rise to a vision of an East that in a decade or so will be largely indistinguishable from the West.

Peter-Michael Elsner is one of those East Germans who have made it.

Five years ago, on the eve of Communism's collapse, Mr. Elsner employed 10 people and booked \$640,000 in annual

business. Today, at the age of 45, he has 300 workers on the payroll, five branch offices and \$32 million in job orders. Although the stacks of slate and shingles outside his office window imply Mr. Elsner builds only roofs, what he and thousands of entrepreneurs like him are really making is the proverbial light at the end of the tunnel in Eastern Germany.

"A lot of things have gotten better in the East since the Wall fell," he told a recent visitor to the Elsner Roofing compound in Grimma, a few kilometers outside the southeastern city of Leipzig. "Not everything was crap in the old days, but most of it was."

"There was no way I could have built up my company in East Germany like I've been able to since '89," he continued. "I don't want the old times back. I'd shoot myself first."

This "robust recovery period," as the Institute for Economic Research in nearby Halle calls it, is by no means universal. Unemployment in the East remains 17 percent. Large-scale manufacturing is moribund. A half-century of Soviet occupation and state-dictated socialism have left a detritus of physical dilapidation and mental disquiet.

At this juncture on the long road since German reunification, the country is not so much one as three: the well-heeled West, which created the world's third-largest economy; the emerging East, with boom towns in Leipzig, Dresden, eastern Berlin and elsewhere, and the hardscrabble East, where genuine prosperity remains a distant rumor.

Yet signs of rejuvenation are as evident as the forest of construction cranes now looming over so many Eastern cities. Wages are rising, and living standards continue to climb. An estimated 75 percent of all Eastern homes have freezers, half have video recorders, almost 20 percent have personal computers. In the West, a nasty recession has been succeeded by a modest

See EAST, Page 4



Oskar Lafontaine, left, the last Social Democratic candidate, talking to the party's current nominee, Mr. Scharping.

Back on Top, Kohl Relishes the Campaign

By Stephen Kinzer
New York Times Service

BERLIN — An explosion of cheers and applause burst from the crowd as Chancellor Helmut Kohl strode toward the podium to address a campaign rally in Potsdam. As always, his speech was full of enthusiasm and optimism.

"The landscape here in the East is beginning to bloom, and if it takes four or five years longer than we had hoped, that means nothing in the sweep of history," he cried out in his booming baritone. "Germany is free. Germany is united and Germany has a great economic and social future."

Things are going so well for Mr. Kohl

that he felt compelled to warn his supporters against complacency.

"Elections are not won by opinion polls, but on Election Day," he reminded them. "What you are reading and hearing now are just reports. Your vote is what decides."

Mr. Kohl has every reason to be jubilant. With the federal election less than six weeks away, he appears to be riding toward a victory that only a few months ago seemed utterly beyond his reach.

The Forsa public-opinion poll, which tracks voter sentiment on a week-to-week basis, showed the chancellor trailing his Social Democratic opponent, Rudolf Scharping, every week until mid-May. Pol-

iticians and commentators were almost unanimous in pronouncing Mr. Kohl politically dead.

Suddenly, however, the numbers shifted dramatically. With the campaign heading into its final phase, the latest Forsa poll showed Mr. Kohl with a commanding 13-point lead.

Many stunned Social Democrats now say they can take power in October only if Mr. Kohl's coalition partners, the Free Democrats, fail to win the minimum vote to qualify for representation in Parliament.

Mr. Scharping has a reputation as a serious thinker with a deep grasp of com-

See KOHL, Page 4

Malaysia Lifts Ban on Contracts With U.K. Firms

Compiled by Our Staff From Dispatches

KUALA LUMPUR — Malaysia on Wednesday lifted a ban on awarding government contracts to British firms, ending a seven-month dispute.

In London, a spokesman for Prime Minister John Major said Mr. Major would be pleased with the news.

Prime Minister Mahathir bin Mohamad imposed the ban on Feb. 25 after British media reports alleged that senior Malaysian politicians were taking bribes to award government contracts to British businesses.

But recently, government officials, including Mr. Mahathir, appeared to have softened their stand.

In announcing the lifting of the ban, Deputy Prime Minister Anwar bin Ibrahim said that British bids for official contracts would now be considered on the basis of "competitiveness, price and ability in terms of tangible expertise."

Mr. Anwar said that Malaysia had sought no assurances from the British government or media in its decision to end the ban.

Private companies in Malaysia have been allowed to continue their business with British companies, but the ban on government contracts had soured relations between the two countries.

In recent months, Britain sent at least nine trade missions to Malaysia in an attempt to mend relations.

See MALAYSIA, Page 2

Newsstand Prices	
Bahrain.....0.800 Din	Nigeria.....35 c.
Cyprus.....C. £1.00	Norway.....15 N.Kr.
Denmark.....14.00 D.Kr.	Oman.....1,000 Riels
Finland.....11 F.Mk.	Qatar.....8.00 Riels
Gibraltar.....£0.85	Rep. Ireland.....£1.00
Great Britain.....£0.85	Saudi Arabia.....9.00 R.
Egypt.....E.P. 5000	South Africa.....R. 6
Jordan.....J.D. 1.00	U.A.E.....£5.00 Dirh
Kenya.....K.S. 150	U.S. Mil. (Eur.)\$1.10
Kuwait.....500 Fils	Zimbabwe.....Zim.\$20.00

Dow Jones		Trib Index	
Down	12.45	Down	0.67%
Up	3886.25	Up	116.18
The Dollar			
New York	Wed. 94PM	previous close	
DM	1.5515		1.5338
Pound	1.5459		1.5525
Yen	99.45		98.65
FF	5.3145		5.296

Major Rejects Plan For 2-Tier Europe, Kohl Stays on Fence

LEIDEN, Netherlands — Prime Minister John Major of Britain ruled out Wednesday the idea of a two-tier European Union floated by Germany's Christian Democrats last week.

But in Bonn, Chancellor Helmut Kohl said that Germany would remain the motor of closer integration in the European Union and that it did not want progress to be held up by the "slowest ship in the convoy."

Mr. Major, making a keynote speech on the future of the 12-nation bloc in the Dutch town of Leiden, said, "I see a real danger in talk of a 'hard core,' inner and outer circles, a two-tier Europe."

"No member state should be excluded from an area of policy in which it wants and is qualified to participate," he said.

Mr. Major welcomed German and French proposals to make the Union more flexible and diverse, saying, "It seems to me perfectly healthy for all member states to agree that some should integrate more closely or more quickly in certain areas."

But he added, "To choose not to participate is one thing. To be prevented from doing so is quite another — and likely to lead to the sort of damaging divisions which, above all, we must avoid."

"There is not, and should never be, an exclusive hard core either of countries or policies," he said.

Before the European elections in May, Mr. Major rallied

his divided Conservative Party with a call for a multispeed Europe, but officials expressed concern this week that France and Germany wanted to push Britain to the outer rim of the Union.

Mr. Kohl, addressing the Parliament in Bonn, explicitly avoided either supporting or rejecting his party's proposals, saying it was "perfectly all right" for politicians to present ideas about Europe's future.

But he said Germany did not want the Union to be a glorified free trade zone. "We were and remain the motor of development" in Europe, he said.

"We want political union in Europe," he said. "That is our goal. We do not under any circumstances want the slowest ship in the convoy to stop development in Europe. We want progress to be made."

Foreign Minister Klaus Kinkel, making a fresh attempt to soothe the ruffled feelings in other European capitals, again dismissed the Christian Democratic proposals, saying the Union could not be split into first-class and second-class members.

Referring to the close ties between Bonn and Paris, the Free Democrat said: "I would like to underline very clearly that no one has any intention of making a directorate out of this."

"Europe cannot thrive on Franco-German shoulders alone," he said. "Without the contributions of the others, especially of Britain, Spain or Italy, nothing can come of European integration."



COUNTDOWN — Workers in Bratislava putting up a poster of Vladimir Meciar, opposition party leader of Slovakia. Elections are set for Sept. 30-Oct. 1.

U.S.-Russian Exercises Hailed

Grachev Looks to Bigger Things in America Next Year

By Fred Hiatt
Washington Post Service

TOTSKOYE TESTING GROUND, Russia — Defense Minister Pavel S. Grachev said Wednesday that he planned to send 500 Russian soldiers to the United States for a joint military exercise next year, after what he called the success of the first such operation here this week.

General Grachev flatly rejected criticism from Russian nationalists opposed to working more closely with the U.S. military and brushed aside doubts from lower-ranking Russian officers. He said the scale of next year's training should be about twice that of the current exercise and that "even more" soldiers should participate together in Russia the following year.

About 250 American soldiers, operating for the first time ever in Russia's heartland, concluded the principal part of their joint exercise with the Russian Army, aimed at improving peacekeeping operations.

The soldiers of the U.S. 3d Infantry Division, based in Germany, and the Russian 27th Guards Motorized Rifle Division, which not long ago was based just across a hostile bor-

der in East Germany, are scheduled to play sports and hold picnics at the garrison here Thursday. The Americans will then begin to pull out.

Major General Leonard D. Holder Jr., who shared command of the operation with his Russian counterpart, said the "operations have proceeded successfully."

General Grachev called the exercise "deeply symbolic" and a "vivid example of new relations" between the two countries.

Many Russian Communists and nationalists have felt differently, attacking the joint exercise as the first step in an American plot to invade Russia and take advantage of its weakness.

President Boris N. Yeltsin, bowing to nationalist opposition, was forced last spring to postpone the historic exercise, originally scheduled for July. General Grachev's proposal to expand joint peacekeeping training is likely to arouse more anger.

But the defense minister attacked those seeking to rekindle Cold War-style confrontation, saying the Iron Curtain had only caused Russia to fall years behind the developed world.

General Grachev also said it was symbolic that the first U.S.-Russian exercise took place in Totskoye, a testing range on the

steppe 1,100 kilometers (700 miles) southeast of Moscow, where in 1954 the Soviet Union exploded an above-ground nuclear bomb, with many soldiers and civilians nearby. This "barbaric act," General Grachev said, envisioned "the future destruction of humanity."

"Now, 40 years later, we are conducting a peacekeeping exercise at the very same site, with the aim that such a monstrous thing won't happen again," he said.

In a scene that struck many Cold War veterans as improbable, General Grachev, a former paratrooper and Afghan war veteran, played the role of professor as General Holder acted as student and reported on the peacekeeping exercise. The defense minister found fault with some aspects of the operation, but he said that overall he had given General Holder "a solid mark."

Before General Grachev's arrival, American and Russian officials said that the timing and scale of any follow-up exercise remained in doubt, in part because of Russia's financial troubles.

But General Grachev swept aside such caution, saying this week's experience showed that it was "necessary and useful" to conduct more exercises, and on a "larger scale."

U.K. Moves To Bar End Of Bosnia Embargo

By William E. Schmidt
New York Times Service

LONDON — Foreign Secretary Douglas Hurd opened a new diplomatic offensive on Wednesday aimed at blocking proposals by the United States and others to lift a United Nations-backed embargo on arms shipments to the Muslim government in Sarajevo.

Instead, Mr. Hurd urged the United States to give more time to efforts to put pressure on the Bosnian Serbs to accept an international plan for dividing Bosnia, even though it was rejected by 96 percent of the Bosnian Serbs in a referendum.

In an interview in London, Mr. Hurd repeated warnings that Britain and France would almost surely withdraw their peacekeeping troops from Bosnia-Herzegovina if a proposal being considered by the Clinton administration succeeds in overturning the embargo.

"Our troops and French troops, the United Nations troops, are not mandated to act as allies for one side in a civil war," said Mr. Hurd, arguing that they would be seen to be siding with the Muslims if the embargo were lifted.

If the Bosnian Serb leaders fail by Oct. 15 to accept the partition plan devised by the so-called "contact group" of the United States, Russia, Britain, France and Germany — the Clinton administration has said it intends to ask the UN Security Council to lift the arms embargo.

Mr. Hurd would not say whether Britain would veto the U.S. proposal in the Security Council. But he said he had been working closely with Secretary of State Warren M. Christopher. "We are very anxious, I think, to keep the contact group going, and to keep the joint effort going," he said.

Bosnian Reaction Bitter
Roger Cohen of The New York Times reported from Sarajevo:

The Bosnian president, Alija Izetbegovic, on Wednesday accused the top UN official in the former Yugoslavia, Yasushi Akashi, of sabotaging the planned visit to Sarajevo of Pope John Paul II by exaggerating the dangers and deceiving the Pope.

In an unusually bitter public attack, made the day after the Pope canceled his visit, Mr. Izetbegovic said Mr. Akashi had shown consistent hostility toward Bosnia and declared that his government would like to see him replaced.

Michael Williams, a spokesman for Mr. Akashi, said that the letter had laid out the potential dangers of coming to Sarajevo. But he added: "We did not make a recommendation to the Pope. I deny that categorically. An assessment was made. What would you do if your mother said she was going down to Sarajevo?"

WORLD BRIEFS

5 Spied for Greece, Albania Rules

TIRANA, Albania (Reuters) — An Albanian court convicted five ethnic Greeks on Wednesday of spying for Greece and sentenced them to between six and eight years in jail, provoking an angry response from Athens.

The Greek government announced that it was recalling its ambassador in Tirana and would protest the convictions to the United Nations and European Union.

Tensions between Greece and Albania reached new highs after the trial began in mid-August, despite pleas for dialogue from the United States and Russia, which want to avoid another crisis in the volatile Balkans region.

Algeria Puts Toll in Strife at 10,000

TUNIS (Reuters) — President Liamine Zeroul of Algeria, seeking a negotiated settlement to civil strife, has acknowledged to opposition parties that the violence of the last two and a half years has cost about 10,000 lives, far more than have been officially reported.

Conflict between the army-backed authorities and Islamic fundamentalists has caused damage estimated at \$2 billion, the president told the party leaders. The figures were published by the National Liberation Front two days after its secretary-general, Abdelhamid Mehri, took part in a meeting with Mr. Zeroul.

The authorities have reported about 4,000 deaths in attacks and clashes since a multiparty parliamentary election that Muslim fundamentalists were on the brink of winning when it was abruptly scrapped in early 1992.

Nigerian May Resign Over Decrees

LAGOS (Reuters) — Nigeria's minister of justice has disowned recent decrees by the military government that "sweep away our liberties" and has threatened to resign. The new laws, which became public knowledge Tuesday, give the military rulers wide powers of arrest in their battle against democracy campaigners, and bar any challenge to their actions through the courts.

Justice Minister and Attorney General Olu Onagoruwa, a pro-democracy campaigner himself until he was recruited into the government by General Sani Abacha, said at a news conference Wednesday that he had had nothing to do with the new decrees. He said laws were supposed to be made by the Provisional Ruling Council, of which he is a member, and drafted by the Ministry of Justice but that these procedures had been bypassed.

24 Detained by Palestinian Police

GAZA CITY (AP) — In its biggest confrontation yet with Muslim extremists, Palestinian police detained 24 more people Wednesday in the Gaza Strip, bringing the total in the two-day arrest sweep to 45.

Those arrested were activists in Islamic Jihad, a Muslim extremist faction that has pledged to continue attacks on Israelis to derail the accord on Palestinian autonomy. Islamic Jihad has claimed responsibility for a roadside ambush Sunday in Gaza that left one Israeli soldier dead and two wounded.

Correction

Prime Minister P.V. Narasimha Rao of India and Do Muoi, Vietnam's Communist Party general secretary, were incorrectly identified in a photo caption as each other in some editions Wednesday.

TRAVEL UPDATE

South African Tourism Is Booming

JOHANNESBURG (Reuters) — The number of foreign tourists visiting South Africa now that apartheid is gone is soaring despite a crime wave, industrial unrest and the image of anarchy and violence elsewhere on the continent.

"As long as nothing drastic happens on the political front, we are in for a good year," said Chris du Toit, executive director of the Association of Southern African Travel Agents. "But it is a volatile situation. Crime and strikes here don't stop people coming, but if you have a political incident, like a bombing, then you get big cancellations."

Despite the problems, including a wave of strikes by workers seeking the better life promised by President Nelson Mandela, tour operators have sold all their South African vacation packages until the end of the year, he said. The South African Tourism Board said it hoped for a 10 percent increase this year from the 3.2 million visitors who came to South Africa in 1993.

Greece's airport staff unions have postponed a one-day nationwide strike scheduled for Friday. Air transportation is already laboring under long delays caused by an air traffic controllers' work-to-rule protest.

Swissair is halting flights between Algeria and Switzerland because of threats to foreigners.

Hilton International, in a joint venture with a property development company in Northern Ireland, will build a 187-room hotel in the center of Belfast.

Balladur Seeks to Assure Small Nations of EU Role

By Joseph Fitchett
International Herald Tribune

PARIS — Seeking to dispel impressions that France's vision of Europe neglects smaller countries, Prime Minister Edouard Balladur of France said Wednesday that leadership in a developing European Union should be assumed by any grouping of countries ready to move ahead in a particular field, from monetary union to common foreign policy or defense.

He described the EU's likely future organization as several overlapping circles of nations, each likely to comprise different sets of countries. For example, if Britain opted out of a single currency, it could nonetheless be a policymaker for the EU in security affairs.

Mr. Balladur, speaking to reporters, left no doubt among his listeners that France saw a pivotal place for itself as a member in all the decision-making core groups of EU nations. Mr. Balladur's emphasis on Europe's need for flexibility — and not another inflexible arrangement based on a hard core of countries with similar economic situations — also served to underline France's special position as the leading advocate of stronger defense commitments by European countries.

And his thinking clearly gives pride of place to the French-German duo as the force that can bring about a powerful Europe, although his vision is phrased in broader, more accommodating terms than a controversial economic-centered plan that surfaced last week in Germany.

Mr. Balladur took pains to stress himself from that hard-edge approach, mainly by focusing the disparity in tone.

Mr. Balladur's formula could help defuse complaints from smaller countries that they would be relegated to second-class status if France and Germany pushed ahead with monetary union, making it the main criterion of European unity.

MALAYSIA: Business Ban Lifted

Continued from Page 1

tempt to persuade the government to end the ban.

A British trade minister, Richard Needham, had carried a personal letter from Mr. Mahathir, pressing his Malaysian counterpart to end the boycott.

But Mr. Mahathir had refused to budge.

At the height of the controversy, Malaysia's government was under pressure from within the governing party to widen the ban to a trade boycott with Britain.

The Malaysian government had said it had been particularly incensed by a report in the Sunday Times of London on Feb. 20 alleging links between Mr. Mahathir and a British construction firm, Wimpey International.

Malaysian officials had also objected to a press and parliamentary probe into links between a British loan for the Pergau dam in Malaysia's Kelantan State and the govern-

ment's purchase of British defense hardware worth £1 billion in 1988.

The ban cost British businesses millions of dollars in lost deals. Most of these concerned a proposed, 9 billion ringgit (\$3.6 billion) new airport project for Kuala Lumpur, officials said.

An Anglo-Japanese consortium, involving the British firms Balfour Beatty Ltd., General Electric Co. and Trafalgar House PLC and Japan's Marubeni Corp., had been awarded the contract to build the airport but was subsequently dropped after the ban.

The government later announced that it had short-listed 10 international groups to undertake the project with local partners.

Mr. Anwar said that Malaysia had sought no assurances from the British government or media in its decision to end the ban.

Mitterrand Says He'll Finish Term Despite Cancer

PARIS — President François Mitterrand says he expects to serve out his term of office, which ends in May 1995, despite his prostate cancer.

But in an interview with Le Figaro to be published Thursday, the Socialist head of state also said he might have only a few months left to live and was philosophical about his own death.

"Everyone knows about my illness because I asked that medical bulletins be issued," said Mr. Mitterrand, 77, who has been in office since 1981. He said he hoped his cancer "will be obliging enough to allow me to complete my term."

In the clearest indication yet of his preferred successor, Mr. Mitterrand said Jacques Delors was the leftist politician best-placed to run in France's presidential election next year.

EUROPEAN TOPICS

Tiny Jewish Community in Portugal Emerges From 5 Centuries of Hiding

After five centuries of clandestine worship, a small gathering of Jews in the remote Portuguese town of Belmonte has shed the pretense of Christianity and is reclaiming its past.

The 200-member community is the only sizable group of Jews in Portugal to have clung secretly to its identity since the government began persecuting Jews in the late 15th century.

"This community has waited 500 years — it was Catholic on the outside, but Jewish within," said Rabbi Shlomo Sobag, 31, who came from Jerusalem last year at Belmonte's request.

Jews were prominent in medieval Portugal, but in 1497 the government ordered them all to convert or leave the country, following the Spanish precedent by five years.

Few of Portugal's Jews departed. Most publicly rejected their old religion and became "New Christians" instead.

Many converts adopted names of trees or places

as surnames to disguise their Jewish origins. Names like Oliveira (olive tree), Pereira (pear tree) and Lisboa (Lisbon) are common.

Belmonte's Jews continued to observe the Jewish Sabbath at home while attending Catholic Mass on Sunday. They rarely married outside their community. Jewish couples would wed publicly in church, but a private Jewish ceremony would follow.

On Friday night, at the start of the Sabbath, Jewish women would light candles at home and chant Hebrew prayers passed down for generations by word of mouth.

Judaism was not granted legal status until 1921. Six years ago, most Jews in Belmonte finally cut links with the Roman Catholic Church, encouraged by growing religious tolerance in Portugal, and wrote to Israel for support.

Around Europe

Ships that now appear on radar screens only as blobs could be identified by name if a new compulsory automatic system is adopted, making it easier to track polluters or ships involved in accidents, British officials say.

Britain has proposed to the International Maritime Organization that a ship-borne transponder — a signal-emitting box that would automatically give a ship's name, position and route — be made compulsory.

Work on the system began after a British fishing vessel, the Ocean Hound, was sunk in a collision in

the English Channel in 1991. Five crew members were killed, but the other ship left and was never identified.

Automatic identification of ships was recommended by a British government report into the prevention of pollution after a tanker, the Braer, ran aground in the Shetland Islands last year, spilling tons of oil.

Abusive consumption of vodka is such a problem in Poland that doctors and health-care workers have mounted a campaign to persuade people to drink beer instead. They say that while beer is fattening, it has other advantages, including its vitamin and mineral content. For now, average beer consumption in Poland is relatively low, at 38 liters (10 gallons) per year, compared with 120 liters for Czech drinkers and 150 liters for Germans. Specialists hope the campaign will make beer the nation's most popular alcoholic drink within 20 years while reducing the rate of alcoholism — which affects 10 percent of the adult population — by one-third.

Swedish policemen say their payments to informants should be tax-free to better protect these people's anonymity, according to Le Point de Paris. So far this year, the police have paid out \$100,000, at the rate of about \$300 to \$500 per informer.

Brian Knowlton

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Exile Pact With Cuba Appears Possible

Compiled by Our Staff From Dispatches

NEW YORK — U.S. and Cuban officials continued their talks here Wednesday amid indications that they might reach an accord to end the exodus of people trying to escape Cuba by sea.

The talks came as the number of refugees picked up in the Florida Straits by the U.S. Coast Guard had shown an unexplained decline, dropping to 689 amid fair weather Tuesday from about 1,000 a day for the last month.

"We are very flexible," said Ricardo Alarcon, the former foreign minister who heads Cuba's team at the talks. "We are prepared to sit down and discuss with the American side any pertinent matter concerning our bilateral relations."

The State Department spokesman, Mike McCurry, said the Clinton administration was showing "as much flexibility as possible in trying to reach an agreement that will bridge the differences that do exist in the positions of the two delegations."

An administration official described the Cuban response to a new U.S. offer on immigration as "serious" though still containing "some material we can't accept."

The United States has offered to expand legal immigration from Cuba in return for Havana's promise to halt the refugee flood. Cuba hopes to tie an agreement to the easing of the 32-year-old U.S. economic embargo.

Asked whether it was possible to sign a limited immigration agreement and put the question of the embargo aside, Mr. Alarcon answered, "Maybe." He did not elaborate.

He denied reports that Havana was seeking entry for 100,000 migrants a year.

Mr. Alarcon said Cuba would not halt the exodus without an accord. Cuba, criticized in the past for forbidding its citizens to leave, now will not deny their fundamental right to emigrate, he said.

Western and Latin American diplomats, speaking on condition of anonymity, said Havana appears willing to strike a deal if larger issues of U.S.-Cuban relations and the embargo are discussed at a later date.

A Miami newspaper reported Wednesday that Havana had substantially reduced its demand for U.S. visas but was insisting that Washington lift its recent ban on cash remittances to Cuba.

Unannounced sources close to the talks told The Miami Herald that Cuba had offered to settle for around 28,000 U.S. visas for prospective immigrants, the newspaper said.

The proposal also includes demands that the United States restrict its radio broadcasts to Cuba, it said.

Cash remittances accounted for an estimated \$400 million annual infusion into Cuba's economy. (AP, Reuters, NYT)



Cuban refugees arriving in Panama, their new temporary home after leaving the U.S. naval base at Guantánamo Bay.

Major Shake-Up Is Expected White House Staff Braces for Panetta's Broom

By Douglas Jehl
New York Times Service

EDGARTOWN, Massachusetts — As President Bill Clinton ended his vacation here Wednesday and headed for Washington, some of his senior aides were awaiting his return with more than a little apprehension, expecting the first of a series of staff changes.

For two months, Leon Panetta, the new White House chief of staff, has quietly been weighing big changes in Mr. Clinton's team, and White House officials say that an overhaul could be announced next week.

Mr. Panetta has already moved to install a longtime aide, Jodie Torkelson, in the vacant post of White House director of administration. He has also decided to bring Billy Webster, the chief of staff at the Department of Education, into the inner circle as Mr. Clinton's scheduler, replacing Ricki Seidman, who will move to another White House job.

Christine A. Varney, the cabinet secretary, is expected to leave by year's end to go to the Federal Trade Commission. But those changes are relatively minor compared with what many aides expect: a shake-up of the White House communications and political operations that might revamp the job of press secretary to give the holder more access to the inner circle.

Mr. Panetta is said by associates to have concluded that the current structure has too often left Dee Dee Myers, the spokeswoman, unable to

speak for the president with authority, but it is not clear whether she would get the enhanced role.

Mr. Clinton has also made it clear that he was dissatisfied by his administration's overall failure to communicate its achievements to the public. And although Mr. Panetta moved earlier to install Tony Coelho, the former House Democratic whip, as de facto Democratic Party chairman, many of Mr. Clinton's advisers believe that the White House political team remains in need of election-year reinforcement.

Mr. Panetta, who took his post on condition that he get broad latitude in hiring and firing, has made his belief clear that much more needs fixing.

That has led to speculation even in the White House staff about whose jobs may be in jeopardy. In addition to Ms. Myers, these most often mentioned are Mark D. Gearan, the communications director, and Joan Baggett, the director of political affairs.

Any of these changes would give yet another new look to a White House that, since Mr. Clinton took office, has already had two chiefs of staff, four deputy chiefs, two counsels, two communications directors and two congressional liaisons.

But when asked at a White House briefing in Edgartown on Tuesday whether personnel announcements could be expected soon, Ms. Myers said only: "Leon has not made clear what his plans are."

POLITICAL NOTES

A Tenure Tied to Health Care Fight

HARRISBURG, Pennsylvania — Harris Wofford's victory in the 1991 special Senate election in Pennsylvania not only buttressed the Democrats' majority in the Senate, but helped to put health care — Mr. Wofford's No. 1 campaign issue — atop the national agenda.

Now, however, the drive in Washington for comprehensive health reform has faltered and both Mr. Wofford's future and Democratic control of the Senate are imperiled. Rick Santorum, a two-term Republican representative from Pittsburgh, is waging an aggressive battle for Mr. Wofford's seat and is challenging the senator's view of health reform.

This is a race of sharp contrasts and high stakes. Mr. Wofford, 68, is at the apex of a public career rooted in the liberalism that flourished in the 1960s, when he won distinction as a civil rights champion and one of the founders of the Peace Corps.

Mr. Santorum, 36, brings to the campaign his own version of the militant conservatism forged by the Republican minority in the House, where he made his mark by helping to expose the House post office scandal and by becoming a spokesman for his party on welfare reform.

The outcome of this confrontation could help decide not only whether the Democrats maintain their grip on the Senate, but also the future course of the national debate on health care reform.

Mr. Wofford's approach to health care, Mr. San-

torum declared at a recent campaign stop, exemplifies his overall belief "that we solve our problems in America by taxing you more, sending the money to Washington and hiring more bureaucrats to make decisions on how to run your life." (LAT)

Democrats Talk Like Republicans

WASHINGTON — A review of campaign television advertisements for a dozen Democrats running for the Senate shows most of them, whether incumbents or challengers, are scurrying to portray themselves as political outsiders and distance themselves from President Bill Clinton's brand of liberalism.

Democrats are campaigning for November's elections on themes of small government, family values and law and order — traditional Republican issues. The ads show all are fighting Congress and what they see as institutional corruption in Washington.

"He hasn't forgotten where he comes from. He votes for what he believes in and not just for the party," says one fairly typical spot for Senator Jeff Bingaman of New Mexico, who faces a tough re-election battle.

The advertising makes clear Democrats are running scared.

"You can't tell from their spots whether these guys are Republican or Democrats," Gary Koops of the Republican senatorial campaign committee said. "They rarely even say they are Democrats and never ever mention President Clinton." (Reuters)

Finding Fat in the Pentagon Budget

WASHINGTON — The Pentagon's operating budget could be cut by \$4.5 billion next year without harming overall military readiness, a congressional report has concluded.

In a broad array of activities from pilot training to commissaries to the management of spare parts, the military could get along with less than President Clinton has requested, said the General Accounting Office, the investigative arm of Congress.

The report touches on a most sensitive issue in the defense debate. As military spending continues to decline, Republicans and moderate Democrats warn that the nation's readiness to fight is slipping.

More than half of the cuts could be achieved by reducing army operations accounts by \$2.4 billion, the report said. The air force request is too high by \$1.16 billion, it said, while civilian Defense Department accounts could be cut by \$690 million. Navy excess totals \$274 million, it said. (AP)

Quote/Unquote:

Tim Spring, the golf pro who played with President Clinton during his just-ended Martha's Vineyard, Massachusetts, vacation, describing the president's state of mind: "He seemed kind of depressed. I don't think he wants to go home." (Reuters)

Drinking and Womanizing Rife at CIA, Agent Says

By Robert L. Jackson
Los Angeles Times Service

WASHINGTON — A federal lawsuit filed by one of the senior female spies at the Central Intelligence Agency portrays the agency as rife with womanizing and drinking and says this conduct has been ignored for years by internal investigators.

The charges are contained in previously confidential court filings made public Tuesday by the career spy, who has been protected by a pseudonym, "Jane Doe Thompson." Her suit contends that she was treated unfairly because of her gender.

The Thompson complaint partially surfaced in July when a federal judge in Alexandria, Virginia, allowed some legal motions to be made public but kept the lawsuit itself under wraps.

However, the court has now made

public a 140-page amended complaint filed by Ms. Thompson's attorney, Victoria Toensing, a former Justice Department official, which paints a bleak picture for women employees of the CIA.

"There has not been a station to which plaintiff has been assigned where senior male officers did not drink and womanize and create an adverse work environment for women," the brief contends.

The Thompson lawsuit was filed earlier this year, and because of her senior status, it has helped prod the agency to begin negotiating an administrative settlement in a larger case. That case is a class-action discrimination complaint brought in 1991 by women employed in the CIA's operations directorate, the division that handles foreign espionage and covert actions, in which Ms. Thompson works.

The new court papers allege that the "plaintiff is aware of two current married directors of operations division chiefs who have had affairs with subordinates; one was in fact found 'in flagrante delicto' on his couch in his office."

The suit also charges that a former high-ranking official "announced openly at an agency meeting that he had been drunk the evening before while meeting with foreign liaison officials and could not recall whether he had revealed to these officials highly sensitive information."

In addition, at a party at her home overseas, Ms. Thompson stated, "a drunken division chief tripped over a cocktail table while grabbing for a female guest." Another official was regularly "too hung over to come to work in the mornings," she said.

CIA officials have declined to comment on the merits of Ms. Thompson's allegations on the ground that they were in the hands of agency lawyers.

According to the complaint, none of the unnamed CIA officials who engaged in womanizing or heavy social drinking were ever subjected to an inquiry by the agency's inspector general, although Ms. Thompson offered to provide their names to investigators.

The court papers said Ms. Thompson was chief of a CIA station in the Caribbean area in 1989 when her troubles began after she reported a male deputy "for beating his wife to the point of strangulation."

It was soon after, she said, that she "became the target of an inspector general investigation initiated by the male deputy" and several other employees she had disciplined for other reasons.

LATIN: Open Markets and Privatization Have Failed to Solve a Continent's Poverty Problem

Continued from Page 1

process of democracy — millions of people have been left out.

Some politicians at the national level invoke the need to fight poverty and to help those living on the margins of society. But they are generally far more inclined to point to economic successes such as the rise in foreign investment, their latest privatization deals or the renegotiation of debt with international lending organizations.

The neoliberal economic model came to be adopted as governments realized that closed economies, with their high barriers to imports, left them isolated and woefully outmoded in their industrial base.

In many countries, the last four years of growth will statistically almost make up for the vast loss of spending power in the 1980s, often called the "lost decade" because of the region's debt crisis, a deep recession and a loss of investor confidence.

But economic growth has been highly uneven. The new wealth has flown mostly to the rich, as wealthy families that made money doing work for the government made even more money buying up government assets. New jobs tend to be either short-term, low-paying construction jobs or highly paid managerial jobs. Many in the middle class lost work when state payrolls were cut or when managers at newly privatized companies slashed work forces to make the businesses competitive.

Others say investment has been focused on the capitals, leaving more remote areas

struggling, with little hope in the near term that new foreign investment will reach them.

Nor is there much optimism among the tens of millions of people living in vast shantytowns throughout the continent, with little or no access to running water, electricity, sewer systems, adequate housing, education and health care.

"The resumption of economic growth has been bought at a very high social price, which includes poverty, increased unemployment and income inequality, and this is leading to social problems," said Louis Emmerly, an economist and specialist on social reform at the Inter-American Development Bank, in Washington.

United Nations economists say that despite projected economic growth through the end of the century, no progress will be made in reducing poverty, creating the potential for more social unrest.

Poverty is even likely to increase slightly. As of 1986, 37 percent of the region's families were living in poverty; by 2000, the economists say, the figure will be 38 percent, or 192 million people.

"The coming years will be quite difficult for these countries," said Peter Jensen, regional coordinator for human settlements at the UN Economic Commission on Latin America and the Caribbean, in Santiago.

"Growth has been really on only one end of the spectrum, the wealthy. The rich are getting richer and the poor are getting poorer. And this will generate social conflict."

For the purpose of statistics,

has yet to tame inflation and open its economy to international competition and investment.

Countries such as Chile, Colombia, Costa Rica and Argentina have shown the most economic growth since the 1980s, but that does not exempt them from social unrest.

Chile has made the greatest inroads against poverty, bringing almost a million people out of poverty over the past four years, but it has been unable to improve living conditions much in the shantytowns.

The bill for providing proper housing for the poor and the middle class would exceed \$110 billion, Mr. Jensen said, and that does not include the investment needed to offer health care and education.

All this is not to say that the economic experiment over the last five years was misguided, or that the flood of new investment has not been critical to the region's recovery, or that new investment and economic growth in the long term are not the answer to reducing poverty, most economists say. But long term means several decades, and misery and unrest are growing.

To be sure, not all Latin American countries are experiencing the same income gaps, nor the same rate of economic change. According to the UN, Brazil continues to have the widest gap between rich and poor and is the one dominant country on the continent that

Women in Congress Girding for a Fight

Voter Cynicism Ends Euphoria of '92

By Kevin Merida
Washington Post Service

WASHINGTON — If 1992 was the Year of the Woman in U.S. politics, 1994 is the Year of the Woman in Trouble.

Two years after American voters sent a record number of women to Congress, the political landscape has changed, and many of the incumbent women in office are in tough re-election fights.

Thirteen of the 48 women in the House of Representatives — including 10 in their first term and virtually all Democrats — are in danger of losing their seats, according to Ben Sheffner of the nonpartisan Cook Political Report.

"People are still looking for outsiders," said Mr. Sheffner, "and now these women are insiders, and it's hard to hide that fact."

Republican strategists say the difficulty Democratic women face is another reflection of voters' growing doubts about the majority party, and especially about President Bill Clinton.

The only Republican woman in the House considered to be at risk is Barbara F. Vucanovich of Nevada.

In the Senate, Dianne Feinstein, Democrat of California, who is in her first term and is one of seven women in that chamber, is struggling to fend off a strong challenge from Representative Michael Huffington, a Republican.

Although many, perhaps most, of the female incumbents may survive challenges, the euphoria of two years ago has waned. The expectations women once had of adding to their numbers in Congress have been dramatically lowered.

Concerned about defeats within their ranks, a group of freshmen Democratic women have formed a traveling road show to raise money and campaign for one another.

"Our first goal is to hold our own and not lose these women," said Harriett Woods, president of the National Women's Political Caucus.

In 1992, the combination of sex-based anger resulting from the Clarence Thomas-Amelia F. Hill hearings, voter disgust with Washington politicians, and

Women must also confront a more cynical electorate this time around, according to some analysts.

"I think the mood of the electorate in '92 was different than in '94," said Ellen Malcolm, president of EMILY's List, a fund-raising network for Democratic women who support abortion rights.

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J. Clavell, Author of 'Shogun,' Dies at 69

The Associated Press
LONDON — James Clavell, author of "Shogun" and other best-selling books, has died in Switzerland after suffering a stroke. He was 69.

The Australian native, who lived in Switzerland, was the screenwriter of such popular movies as "The Great Escape," "To Sir, With Love" and the first version of "The Fly."

Mr. Clavell died Tuesday, said his publisher, Eric Major, of Hodder & Stoughton.

Mr. Clavell's novels about the Far East include "King Rat" and "Tai-Pan." Two other novels set in the Far East, "Shogun" and "Noble House," were made into television miniseries. His latest novel, "Gai-Jin," published last year, was also a best-seller.

"He was one of the great epic storytellers of our age," Mr. Major said. "A man who was deeply imbued in tradition, and also enormous fun to work with."

Explaining the popularity of "Shogun," Mr. Major said: "It took the Western mind into a completely different world. It was the first time that one began to understand the Japanese. This came from the period when he was incarcerated as a POW at Chang Yi prison in Singapore, as a young man in his early 20s."

Mr. Clavell was imprisoned by the Japanese at the camp during World War II, an experience that led to his first novel, "King Rat," in 1962.

EAST: Entrepreneurs Bring New Prosperity to Parts of Old East Germany

Continued from Page 1
recovery; in the East, there is an out-and-out boom, with 9 percent growth anticipated this year.

For the first time since reunification in 1990, per capita investment is now higher in Eastern Germany than in the West. In the past four years, roughly \$255 billion has been funneled into the East, more than half of it in construction. The service industry, too, is mushrooming; banks, for example, now employ 80,000 people in the East, double the number in 1990.

Public attitudes reflect the upswing. A poll of East Germans, published last month in Der Spiegel magazine, showed that 54 percent judged their own economic circumstances to be good or very good, up from 38 percent two years ago. Only 9 percent described their lot as bad or very bad, compared with 13 percent in 1992.

KOHL: Back on Top in the Polls, Chancellor Is Relishing the Campaign

Continued from Page 1
plex issues, but a series of political gaffes has cost him dearly.

When Mr. Kohl's candidate for the largely ceremonial presidency, Roman Herzog, was elected in May, Mr. Scharping protested in a manner that struck many voters as petulant and unstatesmanlike.

Most recently, he has allowed Social Democrats in the eastern state of Saxony-Anhalt to form a minority government that relies on votes from the former Communist Party.

Mr. Kohl never misses a chance to remind voters that Social Democrats govern Saxony-Anhalt with tacit support from former Communists.

"We want no Communist influence in

As Eastern and Western economies have grown together, so have political allegiances. In 1992, pollsters found that only 45 percent of Easterners considered themselves German, while 54 percent still thought of themselves as East German. In the recent survey, however, 61 percent classified themselves as German and 36 percent as East German.

"We can assume that most of the rubble of socialism has been cleared away," Germany's economics minister, Günter Rexrodt, said recently. "Everything points to us achieving growth in Eastern Germany that will accelerate itself in the foreseeable future."

Not everything is rosy. In some areas, when job retraining, make-work programs and early retirement are added to the official unemployment figures, the jobless rate jumps to 30 percent.

this country!" he shouted into the microphones in Potsdam on Saturday night. "We are fighting to preserve this republic, and we are not going to allow it to be pushed to the left!"

By playing on the instinctive fear of radicalism, Mr. Kohl has shown he is close to the pulse of the electorate. He did so again by denouncing Mr. Scharping's proposal to impose speed limits on the autobahns.

Candidates Mix It Up
Mr. Kohl and Mr. Scharping exchanged insults Wednesday in a stormy and rare parliamentary showdown. The Associated Press reported from Bonn.

Mr. Scharping accused the chancellor of cowardice, slander and lying. Mr. Kohl

East German exports have nearly vanished, bringing in only \$8 billion last year and accounting for barely 2 percent of total German sales abroad.

Moreover, Eastern Germany remains aloof on a tide of money washing in from the West. Transfer payments this year alone will total \$115 billion, and the federal government recently announced that massive subsidies were likely to continue at least through 1998.

"A flourishing landscape for all of the East is still nowhere in sight," said Alexander Eickelpasch, an economist at a Berlin research institute, alluding to Chancellor Helmut Kohl's much-mocked 1990 campaign promise of imminent prosperity. "But there are small islands of flourishing landscapes scattered throughout the East."

said the Social Democrats were incompetent and too cozy with the reformed East German Communists.

Tuesday, Mr. Kohl's party used its parliamentary majority to make that day's session of the Bundestag, the lower house of Parliament, the final one before the Oct. 16 election.

Mr. Scharping said the chancellor had arranged the recess to avoid another debate with him. "You chicken out repeatedly," the Social Democrat said.

He asserted that Mr. Kohl has been making campaign promises — such as to increase some social benefits — that he will not keep. "You have five and a half weeks left," Mr. Scharping said, glowering at the chancellor. "We will give you no opportunity to keep quiet about your true intentions."

GORE: Meets Reynolds

Continued from Page 1

with Britain over the question of how to respond to the events in Belfast.

The relaxation of security operations may have made a difference to the people who live on Falls Road in Belfast, and it certainly lightened the mood of the city. But there was no suggestion yet that it included a strategic redeployment or a reduction in the number of troops in Northern Ireland, as demanded by Gerry Adams, the head of the IRA's political branch, Sinn Féin.

In this sense, the moves appeared to be a normal operational response rather than a clear political concession or sign of good faith from the British government. Martin McGuinness, the vice president of Sinn Féin, said Wednesday that raids and other acts were continuing against the IRA, which is still illegal.

Though there have been two provocations from terrorists belonging to Protestant paramilitary groups — the killing of a Catholic and the explosion of a bomb near Sinn Féin headquarters — the IRA has not responded with violence.

In the name of the Catholic minority in the Protestant-dominated province, the IRA wants to end British rule and join up with the Irish Republic to the south, where Catholics are in the majority. Most Protestants in Northern Ireland want it to remain part of the United Kingdom.

The extremists among the Protestants, known as loyalists,



Mr. Gore, left, with Mr. Reynolds in Shannon.

have long taken as their hero the Reverend Ian Paisley, head of the Democratic Unionist Party. On Tuesday, Mr. Paisley did not disappoint them.

He had insisted on a meeting with Mr. Major in London to read out a demand that the British not "surrender" to the IRA. Mr. Paisley has made Mr. Major's life more difficult by insisting, with little to go on, that the IRA cease-fire must have come from a back-room deal with London.

But barely had he stepped inside No. 10 Downing Street than he was virtually ejected. Mr. Major asked him several

times if he accepted his word. When Mr. Paisley refused to reply in the affirmative and insisted instead on reading his prepared text, the meeting was summarily ended.

Mr. Paisley returned to Belfast with a grudge intact. He said at a news conference that Mr. Major was acting like a dictator. No prime minister has the right to insist upon being believed before listening to a speaker, he said.

"This is what Hitler said," he added, "you are to believe me, or you will go to the gas chamber."

POPE: Canceling of Papal Visit to Sarajevo Underlines City's Shaky State

Continued from Page 1

Serbia to be eased, but the United States wants to act more cautiously.

On the military front, officials said that British and

French officers had argued vigorously that tougher enforcement of weapons-exclusion zones would involve NATO directly in the conflict.

With the largest military contingents in the UN Protection Force here, Britain and France have always been wary of increased NATO air strikes.

Those tensions are running high once again. President Bill Clinton's plan to press for ending the arms embargo to the Bosnian government after Oct. 15 has caused great unease in the contact group. President Boris N. Yeltsin of Russia is firmly opposed, and the French foreign minister, Alain Juppé,

said lifting the embargo would be "a grave error."

In general, France, Britain and Russia are much more ready to try to end the war by accommodating Serbia and the Bosnian Serbs than is the United States, which does not have ground troops in Bosnia.

Mr. Juppé said this week that the contact group should formally accept a confederation of the Bosnian Serbs and Serbia, providing that Bosnia's international borders remain at least formally intact.

But one U.S. official said: "It is absolutely premature to talk about a Serbian confederation. First they have to accept the proposed map."

"The map," the proposal to reduce Serb-held lands to 49 percent, is utterly unacceptable to Bosnian Serbs. "The war will go on and we will get our Bosnian Serb state in two years," a Bosnian Serb official, Aleksa Buha, said this week.

Thus if Mr. Clinton ends the embargo on the Bosnian government, the contact group will certainly fall apart. Britain and France may also withdraw at least some troops.

U.S. officials say the best hope for continued cooperation may be an agreement on easing sanctions on Serbia, provided Mr. Milosevic accepts international monitors on the border.

CAIRO: Delegates Angered by Vatican's Stalling Tactic

Continued from Page 1

said that when the conference resumed its meeting on the text Wednesday morning, expecting to cement the consensus achieved Tuesday night, more than a dozen countries that had not spoken Tuesday raised objections. Among them were Chile, Costa Rica, Ecuador, Honduras, Guatemala, Panama and Malta, as well as Guam, a United States territory, according to people close to official delegations.

The issue had to be referred to a special committee charged with reporting back by Friday morning.

"These Latin American nations are trying to make the Vatican happy," said Miguel Trias, head of Colombia's largest government-backed family planning organization, Profamilia. "But in 2,000 years the Vatican has never been happy."

Alexander C. Sanger, the president of Planned Parenthood of New York City, said in an interview that the divergent

views of the Vatican and non-governmental groups from Catholic nations, some of which have seats on official delegations, demonstrated a split between the Vatican hierarchy and millions of lay Catholics.

"There are two churches," he said, "one where the hierarchy talks to the presidents of countries, and then there's the church of the people. The people are picking and choosing what parts of Catholicism they want to carry over to their personal lives."

Tourist Charged In Spanking Case

Reuters

LONDON, Ontario — A U.S. tourist has been charged with assault for spanking his 5-year-old daughter's bare bottom in a restaurant parking lot, police said.

Witnesses said the man, who had stopped for lunch with his family, pulled down the girl's

underwear, put her on the trunk of his car and spanked her with the palm of his hand at least eight times.

"One witness approached him and told him that she thought it was excessive," police Sergeant Jack Churney said. The man, from Warrenville, Illinois, was freed on bail.

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PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

New Russian Schooling

Talk about about starting school with a clean slate. The schoolchildren of Russia return to classes for the 1994-95 school year with textbooks rewritten to reflect the changes in their world. As reported by Washington Post correspondent Margaret Shapiro, the new books contain no Marxist/Leninist dogma, no Party-distorted history or hagiography; they offer in their place lots of introductory management and economics. It might seem a bit late to be purging the curriculum of Leninist doctrine, but cash is short for everything in Russia, and schoolbooks, however important, are a major endeavor.

In all the change-wracked countries of the once Soviet bloc, education has turned out to be one of the larger, gummiest problems. From the "wall in the head" that persists among Germans to the retreating needs of entire populations of lawyers and judges, intellectual change has proved no less daunting, and far less defined, than economic change. The difficulty of keeping the two realms even partially separate comes through in reports of the new schoolbooks, which are long on practical eco-

nomics and management — even, it is reported, at the grade school level, where the lessons of capitalism are instilled via cartoon characters.

Glasnost-watchers of the 1980s can probably still summon up the memory of that dramatic spring moment when Mikhail Gorbachev canceled university final exams because, so he said, the textbooks were all wrong. As with other dramatic moves, this one was less a concrete educational reform than a leader's way of making a point; and as with other apparent repudiations along the way, the degree to which it proved real below its surface symbolism was unclear and remains so now. Nor does Russian culture seem to have settled into a new orthodoxy or a new consensus stable enough to be comfortably enshrined in the educational system.

Textbooks usually represent some sort of conventional wisdom, but, as Americans have found, too, for that very reason they serve as convenient cultural battlegrounds. The big public revision may have been a hard step to take, but it can be only the first of many.

—THE WASHINGTON POST.

Over-Isolating Cuba

In the face of the growing crisis in Cuba, the Clinton administration has tightened restrictions on both financial transactions and travel to the island. Seeking to increase pressure on and strengthen the isolation of the Castro regime, new regulations published within the last 10 days curtail charter flights, forbid the sending of money to family members and restrict travel by relatives. These changes have personal implications for Cuban-Americans and their families. But in addition, the new rules make it more difficult for others engaged in information gathering and related activities to travel to Cuba. These changes will have a broader impact on Americans seeking to learn more about Cuba, to bring certain forms of American arts and culture to the island and to inform citizens in the United States about what is going on in that country.

Congress has traditionally viewed these new curtailed activities favorably and only this spring enacted a sense of Congress resolution urging that they should be exempt from the general embargo. In June, Secretary of State Warren Christopher assured Congress of the administration's understanding that "the free flow of ideas and information is also consistent with the maintenance and enforcement of economic embargoes." Yet the changes made at the end of last month move in the opposite direction.

Specifically, the old regulations granted general travel permission to "persons who are traveling for the purpose of gathering news, [or] making news or docu-

mentary films." The new rules limit this general permission to journalists "regularly employed in that capacity by a news reporting organization." Filmmakers and freelance writers are no longer in this category. Professional researchers were also given blanket exemptions from embargo restrictions. Now they, too, must apply for permission on a case by case basis. While specific licenses have been available to permit travel "for purposes of public performances, public exhibitions or similar activities," such travel is now prohibited. And while specific licenses were available for people involved in "activities of recognized human rights organizations," permission can now be granted only to those "investigating human rights violations."

This tinkering with the law may seem inconsequential, but it is not. The whole thrust of the changes is to restrict just the kind of First Amendment activities that Congress has sought to protect. In practical terms, moving from general exemptions to case by case ones requires time, paperwork and delay — particularly now when government officials are swamped with family-related requests for exemptions — and places the applicants entirely at the mercy of government officials who can turn them down with no explanation. The regulations were hurriedly drawn and may now be seen by this government as overly restrictive. They should be changed so that the flow of information about Cuba can continue during the current crisis and beyond.

—THE WASHINGTON POST.

Treasures to Be Returned

Russian officials acknowledged blushing last year that whole warehouses of art treasures seized during World War II had been hidden away for decades. The great prizes included the so-called Treasure of Priam, unearthed by Heinrich Schliemann at Troy, and a stunning Gutenberg Bible, each calf-skin page illuminated with floral decorations. The Trojan gold was seized in Berlin by the Red Army, and the Bible carted from a book museum in Leipzig, once Germany's publishing capital.

As months passed, however, the blushing stopped, and President Boris Yeltsin's government found excuses for rebuffing German claims for restitution. Now the argument is taking a new turn. The lower house of the Russian Parliament is considering a law saying that wartime booty should be kept as reparations. This has been taken up as a holy cause by extreme nationalists. More surprisingly, the idea is supported by some academics and museum curators, who have come to view the objects as national property.

In reality, seizing war booty is not just a bad but a terrible idea. Doing so would dishonor treaties that Russia has signed, sow enduring ill will in countries with lawful title, and undermine Russia's own claims for restitution of czarist gold worth \$2 billion and various properties valued at \$10 billion, including mansions in Paris, an Orthodox monastery in Italy and land in Jerusalem.

Pillaging another country's art, through arms or imperial fiat, opens wounds that persist for generations, as in Greece's longstanding clamor for the Elgin Marbles. When American forces entered Germany in 1945 and came upon paintings and sculptures from Berlin museums stowed in salt mines, some in the White House and Treasury wanted to seize those treasures.

President Harry Truman instead ordered the return of the art — but only after 202 paintings were brought to the United States for a lavish traveling exhibition.

As freshly retold by Lynn Nicholas in "The Rape of Europe," even that provoked controversy, including a protest from the Soviet foreign minister. This was during the Nuremberg trials, in which Nazi plunder of other countries' art was treated as a war crime. In 1954, the wartime victors signed the Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict. It expressly stipulates that captured artworks "shall never be retained as war reparations."

The Soviet Union signed the convention, as it did a 1980 bilateral agreement with Germany calling for reciprocal return of all art treasures seized during World War II. Nevertheless, some Russians now say this is unfair because Soviet museums took good care of wartime trophies, while treasures taken by Nazi armies in the East either disappeared, like the celebrated Amber Room from Catherine's palace outside Leningrad, or were dispersed on the art market. This argument would have greater moral weight if Moscow had not for decades denied the very existence of quantities of precious objects, most of which have never been shown to the public.

It lacks logic or sense for blustering nationalists to condemn Boris Yeltsin for not doing enough to get back church properties in Western Europe, while at the same time crying "robbery" when German owners seek the rightful return of a Gutenberg Bible. Mr. Yeltsin has a glorious chance for a grand finale: a movable visual feast, a traveling show of all the hidden treasures that would conclude with a splendid homecoming.

—THE NEW YORK TIMES.

While Experts Bicker, Women Turn to Birth Control

By Anna Quindlen

NEW YORK — When Tim Wirth, U.S. undersecretary of state for global affairs, first began to lay the Clinton administration's rhetorical groundwork for this week's global population conference in Cairo, the note he sounded seemed inspired. "Sustainable development cannot be realized without the full engagement and complete empowerment of women," he said in a speech in March.

Bypassing the contentious divisions of overpopulation vs. overconsumption, developed vs. developing nations, the rights of women could unite all in strategies for a world whose population has doubled in the last four decades and might triple by the end of the next century.

Unity, of course, is not what has come out in the coverage of Cairo so far. Much has been made of the conflict between the majority of nations represented there and an alliance of the Vatican and Islamic fundamentalists who oppose legal abortion and decry the secular modernism they find in the conference aims.

Too little has been made of the fact that this conflict is, in some measure, irrelevant. While experts bicker over whether the problem is population or

economic development, the battle to bring down the world's birthrate has already been joined, and by precisely those people styled by Mr. Wirth as the linchpin of the Cairo conference.

The world's women are increasingly moving to bring the birthrate down on a do-it-yourself basis. Not because of deforestation or famine per se, but because it is better for their children. Trying to divide their attention among four, trying to divide a small stock of food among six, many now embrace a standard of morality that emphasizes the quality of life they can provide over the quantity of children they can produce.

Consider Cairo itself, where crowded apartment buildings are being raised ever skyward to accommodate more human beings in a city that can ill afford them. While Islamic orthodoxy has been on the rise in Egypt, so has the use of contraception. The average number of children an Egyptian woman will have has dropped from five in 1980 to 3.9 today.

In Brazil, with the world's largest Cath-

olic population, two-thirds of married women practice birth control. In 1970 the average family had close to six children; today the number is slightly over two.

The Catholic Church will not bend in its opposition to contraception, which means it has little more to contribute to this discussion than a cardiologist who does not believe in surgery could offer at a symposium on heart disease.

Vatican representatives have instead focused on the "demographic colonialism" and selfish individualism of developed nations. One cardinal recently waxed poetic — and paternalistic — about the "love of life" among the poor, as though raising children in squalor should be counted as a great blessing.

None of that obviates this bedrock fact: millions of women simply want fewer children at greater intervals. A study by the Alan Guttmacher Institute of women in sub-Saharan Africa, for example, showed that as many as half in some countries reported that they did not want their most recent pregnancy at that time or at all.

The Vatican has engineered shameful alliances for the Cairo conference, sending emissaries to both Libya and Iran in

its pursuit of at-any-and-all-costs opposition to legal abortion. It is an opposition that seems grounded in the belief that illegal equals nonexistent, a belief belied by the evidence.

Brazil serves again as a model. The Church has lobbied hard to keep abortion illegal there, yet as many illegal abortions are performed in Brazil as legal ones in the United States.

The difference? Only 10,000 American women are hospitalized for complications of abortion each year, while in Brazil the number is 400,000. It is hard to find the greater good in that statistic.

The Cairo conference is not a colloquy about abortion, much as these few orthodox religious leaders have tried to make it so. It is about a complicated web of education and employment, consumption and poverty, development and health care.

It is also about whether governments will follow where women have so clearly led them, toward safe, simple and reliable choices in family planning. While Cairo crackles with conflict, in the homes of the world the orthodoxies have been duly heard, and roundly ignored.

The New York Times.

Spread the West Eastward, Putting Germany in a United Europe

By William Pfaff

PARIS — The Russian army has marched out of Berlin with panache, taking with it the Cold War — and leaving Germany with its historical problem: that it lies in the center of Europe.

A German official said recently that the goal of German policy today is that the country never again finds itself "with the West on our western border and the East on our eastern border."

What Germany wants, he said, is to have the West on its eastern border as well.

That is the reason Germany has been so anxious to bring Poland, Hungary, the Czech Republic and Slovakia into the European Union and other Western institutions.

This German preoccupation with the East has been interpreted by the suspicious as an attempt to re-establish the national zone of influence that Germany possessed before the war in Eastern Europe. It is a mistaken interpretation. This is Germany's effort to escape the dangerous ambiguities created by Germany's geographical position and its history.

The critics would be better advised to promote a greater involvement in Eastern Europe by the other West Europeans and by the United States. The political tendency has been in the other direction.

The United States blocked bringing the East European states into a close relationship with NATO and opposed any formal extension of NATO guarantees to existing state frontiers in Eastern Europe, a measure which could have provided a fundamental guarantee of stability to the region.

The United States has wanted to settle the Central European problem by way of Russia, seeing in Russia's stability and democratization a guarantee for the states that live between Russia and Germany. It has mistakenly seen one policy as excluding the other. It has assumed that Western interest in Eastern Europe would be taken by Moscow as hostile.

France and Britain have been reluctant or lagged in attempting to re-establish their own influence in East-Central and Eastern Europe. This has tended to leave the Germans uncomfortably alone in the field.

Partly responsible for this has been the crisis currently experienced by the European Union itself, a result of the negative popular reaction provoked by the Maastricht treaty on further European integration.

French Prime Minister Edouard Balladur said a few days ago that Europe's future is one of concentric circles, the inner one incorporating the original Six, with France and Germany at the core, surrounded by the less committed Europeans, such as the British, Danes and other Scandinavians, with outer circles made up of the present candidates for membership, including Eastern Europe. This un-

doubtedly is a realistic appraisal of the existing situation, but it leaves Germany with the East on its eastern border, not the West, and it leaves Russia out.

Henry Kissinger has rightly observed that the great challenge after any war, cold or otherwise, is to reintegrate the defeated into the international system. When they are excluded from the system, they are given a motive to subvert it. This is plainly apparent from what happened after World War I, when the Germans suffered ostracism and indemnities, provoking that sense of injustice and bitter nationalism which Hitler exploited.

With Russia, after its Cold War defeat, the need for constructive reintegration has generally been recognized. This has motivated Washington's policy, Russia, for all of its internal difficulties, has reciprocated with a constructive

and conciliatory policy, including these troop withdrawals from Germany and the Baltic states.

The Baltic problem has, of course, been complicated not only by the strategic sensitivity of the region but by the fact that since Stalin annexed the Baltic states, a great many Russians have willingly or unwillingly been settled there, and most do not want to go back to the chaotic conditions that prevail in Russia itself.

However, 50 years of Russian military occupation ended in Estonia and Latvia on Aug. 31. It ended in Lithuania last year. The status of the Russian nationals in the Baltic states remains unsettled, but, given the severity of the problem and the emotions at work, the situation today is a great deal better than it might be.

The future of the rest of what used to be the U.S.S.R., or the czarist empire, is unsettled, the successor nations all very shaky as autonomous states and econo-

mies. The Baltic nations are in very good condition by comparison with Ukraine. The risk in the future comes much more from this national fragility in the successor states than from a putative revival of Russian imperialism. A re-association of some of these nations with Russia may be inevitable.

People have spent so long thinking in Cold War terms that they are inclined to see these changing circumstances as reinventing Europe's division in the guise of Russian empire or a threatening "strategic partnership" among the ex-Soviet states. But the essential fact today is that Europe has been undivided but is not yet united.

The West's great interest is to perpetuate an impartial cooperation across Europe to Russia so as to avoid Europe's redivision into an East and a West, leaving Germany in the middle.

International Herald Tribune.
© Los Angeles Times Syndicate.

Phase Out the Cuba Embargo and Phase In Democracy

By Stephen S. Rosenfield

WASHINGTON — The Clinton administration may yet stumble to a success in dealing with Cuba. The problem isn't that hard, and Fidel Castro is helping in his fashion.

The first requirement of policy is to keep faith with refugees fleeing communism. This was a standard Cold War policy — and the right one for a country that speaks for liberty. It brought a million Cubans to Miami over a period of 30 years. The end of the Cold War was bound to dim the urgency of rescue and to give a sharper profile to, for instance, Florida's carrying capacity. But in Cuba the Cold War survives in the form of an anomalous and discredited but still live Communist tyranny. This imposes a continuing obligation on the United States to care for Cuban refugees.

Not gracefully but effectively, President Bill Clinton is meeting this obligation by offering Cuban refugees "safe haven" in Guantanamo. Safe haven is designated in some quarters as an immoral reversal of the traditional automatic asylum. But the recipients of safe haven are not being thrown back to Cuba, and they are living under an American flag. It is an adequate expedient to buy a bit of time.

The question is how to use that time. Here Mr. Clinton has had difficulty in moving past mindless nationalist assertions to the effect that "Castro will not be allowed to dictate American immigration policies."

Someone should have told him that Mr. Castro, by generating refugees in the first place through repression and by his openings and closings of the emigration tap, has been dictating U.S. immigration policies practically since his revolution took power in 1959. Until Soviet communism

went under, most Americans regarded the flow as a burden that they were proud to sustain.

But never mind. Mr. Castro is saving Mr. Clinton from his slogans by offering to negotiate out emigration. This is the focus of the talks that opened in New York on Thursday. A deal sits waiting to be confirmed. Cuba would discreetly pen up the illegals who are now setting out dangerously on rafts to Florida. The United States would agree to increase numbers of legal.

There is a strained quality to Mr. Clinton's approach to Havana. Even as he enters talks that offer a promise of personal relief to some thousands of Cubans, he tightens the embargo pressures that inflict further suffering on some millions of Cubans. This is an inconsistency and, considering the human costs, a pity.

It is due, as far as anyone can tell, to Mr. Clinton's kowtowing to the Cuban emigration's right wing, a faction he started courting during his campaign for the White House. Cuba, of course, is no longer or any sort of security threat.

In any event, the talks begun in New York are eventually more likely to go to Mr. Castro's way into broad political discussions than to stay tightly focused on technical emigration matters, as Mr. Clinton says he prefers. This seems to be the logic of events.

Mr. Castro seems to understand it better than Mr. Clinton does. Mr. Castro is not out to embrace the United States and its ways. Better than anyone, however, he understands that his regime is failing now that Moscow no longer supports it. This is what has led him to take the huge risk of starting to bargain for a lifting of the American embargo. His release of some of his citizens to the rafts put one of his few still available cards in play.

Strangely, Mr. Clinton evidently fears that Mr. Castro will out-

smart him in political talks and that the Cuban leader will end up replacing Soviet subsidies with American subsidies for his otherwise sinking enterprise. Some of Mr. Clinton's domestic critics share this apprehension.

But almost everyone else realizes that there is a second, broadly political deal that Mr. Clinton is in a position to offer. The United States would phase out the embargo. Cuba would introduce democratic elections. End of the Cuba problem.

Why would Mr. Castro accept an approach that puts him on the slippery slope of negotiations that may cost him power? There is a whole industry of people who try to get inside his head. Some believe him to be obsessed if not by power then by rage at the United States, and hence an unlikely candidate for a political compromise.

But having come this far, how can an American president shy away from supporting a plan that satisfies the two fundamental considerations of American democratic principle and Cuban national pride?

The Clinton administration regularly asserts that it favors a peaceful transition to democracy in Cuba. But its actual policy of unrelenting pressure and isolation shows a giant of the old American premise that in the right circumstances the Cuban people will revolt and throw Mr. Castro out.

This is the belief that led President John Kennedy to launch a disastrous invasion by Cuban exiles at the Bay of Pigs in 1961. No invasion is imaginable now. But a trace of an underlying American resentment at an upstart Cuba may remain from the earlier period of American colonial hegemony.

The trace is faint to Americans, but perhaps not so faint to some number of Cubans whose nationalism Mr. Castro shrewdly stirs. With respect, the United States can steal that card.

The Washington Post.

Time to Fix the American Jury System

By Jim Hoagland

WASHINGTON — Can a creaking jury system survive the deadly modern combination of celebrity murder trials, intrusive media and arrogant, acquisitive trial lawyers? That question is raised by two California trials that should change the way Americans think about American justice.

The Simpson and Menendez trials turn a harsh spotlight on America's system of putting the question of guilt and innocence, and of punishment by prison, death or monetary damages, to 12 ordinary citizens allegedly chosen at random as a cross section of the community.

That system is not the envy of the rest of the world, as many Americans seem to think. And these two murder cases help explain why.

Few other countries have dared try such a populist approach to the law. Countries as diverse as Japan and India have tried citizen juries and quickly dropped them. Even Britain, which bequeathed the jury system to the American colonies, has turned away from it. Today only 1 percent of civil trials and 5 percent of criminal hearings are heard by juries in Britain.

America's commitment to the jury system has to do with democracy more than with any pretense of a jury's infallibility. Alexis de Tocqueville observed in the 19th century: "By obliging men to turn their attention to other affairs than their own, it rubs off that private selfishness which is the rust of society." Entrusting the final say about a citizen's fate to his or her peers was a strong counterweight to government abuse.

But the society Tocqueville analyzed did not have to cope with tabloid television. Public relations agencies working for accused murderers and alleged

child molesters were not part of the frontier he surveyed. Nor were "jury consultants" who use marketing skills, opinion polling and psychological profiling to stack juries in their clients' favor.

While the lawyers' ability to manipulate the system against itself grows exponentially as the 20th century ends, the jury remains straggled in rural habits of the 19th century. This is shown in unsettling detail in a new book, "The Jury," by Stephen J. Adler, a New York-based legal journalist.

Mr. Adler details how unrepresentative juries have become as trials get longer and more complex. Few jurisdictions bother to make citizens honor jury summons today. More affluent, better educated citizens who do show up can often wangle a work-related exemption. Lawyers use preemptory challenges to knock out remaining potential jurors who might not go along with their elaborate strategies.

The technology of modern communications gives defense lawyers unprecedented access to potential jurors and unprecedented opportunities to identify and manipulate the emotions of jurors or, if all else fails, to overwhelm the jury with technical details and confusing, irrelevant information.

And Mr. Adler writes persuasively, judges rarely help jurors understand legal procedure or the substance of the cases they hear. Serving on a jury today is like watching a baseball game and being told the rules only after it is over.

But it is the defense lawyers who attract most of Mr. Adler's attention. To understand what the lawyers for O. J. Simpson, and for Lyle and Erik Men-

dez, are attempting to accomplish for their clients as jury selection and the trials proceed, keep Mr. Adler's book handy. While he does not write directly about either case, he tells you how we got to this seeming dead end in criminal justice, and what can be done about it.

Despite the admissions by the Menendez brothers that they gunned down their parents and then went on a shopping spree with their inheritance, a jury refused to convict them last winter. A mistrial was declared, largely because of what Elizabeth Hardwick, writing recently in *The New York Review of Books*, calls "the very useful claims of sexual abuse and self-defense" that the brothers' defense attorneys and their expert witnesses quickly "organized or scripted" as the trial approached.

Mr. Simpson's team of attorneys, publicists and experts use his millions to stage a heavy publicity blitz to script an alternative narrative to the one presented by the prosecution. Acquittal in the face of the evidence gathered so far is likely to heighten public cynicism about the functioning of the modern jury system, and thus about American justice as a whole.

The system can be made to perform better by eliminating preemptory challenges altogether (as Mr. Adler says the Supreme Court may do), broadening the jury pool by abolishing most juror claims for exclusion, and helping those jurors who are chosen. They should be allowed to take notes, for example, and to ask direct questions through the judge. And jurors should be told in clear detail what they are about to hear, and do.

That is Mr. Adler's argument for reform. Let us hope he is right, and that it gets done.

The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Royal Pretensions

PARIS — [The Herald says in an editorial:] The throne of France is vacant, but it seems to be in good quarters at the *garde-meuble* in Paris, where it has been stored away for twenty-four years. Nevertheless, there are plenty of pretenders who cast their eyes on it from afar. The latest addition to the crowd is one of the Spanish Bourbons, who has just put himself forward as a candidate for the throne on his own authority, and has dubbed himself Duke of Anjou — a title which belongs to the head of the house, the grandson of Louis XIV.

1919: Clocks on Strike

PARIS — Public clocks in Paris, never excellent timekeepers at the best, went out of commission for the most part with the war. Of late, efforts seemed to be made

to start them going again, but the clocks now seem to have caught the spirit of the times and to have gone on strike. Not the kind of striking that clocks are supposed to do, but the kind which some of the music-hall employees started and in which the taxi-drivers engaged recently during the luncheon hour.

1944: Japanese POWs

WASHINGTON — [From our New York edition:] More than 900 Japanese prisoners of war, arming themselves with baseball bats and mess knives, made a mass escape attempt at a prison camp in Australia last month, and 231 were killed or committed suicide and 108 were wounded. Prime Minister John Curtin of Australia announced today [Sept. 7] in a statement made public by the Australian Minister at Washington, Sir John Dixon.



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OPINION

Liberals Need to Reclaim Liberty

By E. J. Dionne Jr.

WASHINGTON — There is a sentimental quality to the celebrations of organized labor that take place every year around this time in America. But all the Labor Day talk about the glorious victories wrought by worker solidarity seems a trifle antique when only one private-sector worker in eight actually belongs to a union.

The difficulties faced by trade unionism and its traditional ally, American liberalism, are frequently attributed by their friends to broad trends over which neither union leaders nor liberals had much con-

By accepting a rhetoric that emphasizes state-fostered 'compassion' and redistribution, liberals have ceded the high ground to conservatives.

trol. There is, above all, the increasingly powerful hold of a fierce and highly competitive individualism on the American imagination.

More prosaically, a lot fewer people are working in factories and on assembly lines. These were the great spawning grounds for union activity because the solidarity preached by labor's organizers made a lot of sense to people who really did feel that they were treated as removable parts of a large machine.

There is also the "We're the victims of our own success" argument. The very fact that unions and liberals have managed to spread prosperity around has encouraged a lot of people to decide that solidarity, unions and the welfare state are all bunk.

There is truth in all of this, particularly the troubles that unions face because of the decline of factory work. But these explanations may also be a bit too comforting.

Competitive individualism, for example, has always been a powerful force in the United States. Much in evidence in the speeches of Abraham Lincoln, it can hardly be seen as a creation of the 1980s.

Similarly, a lot of people still think they are treated as cogs in someone else's machine, but are less likely than in the past to turn to unions or liberals for relief.

And while there is a lot of prosperity about, there is also a good deal of anger bred by economic insecurity. But angry people these days are just as likely to listen to Rush Limbaugh or vote for Ross Perot as to pick up a union card or support a liberal.

There is an alternative explanation for the troubles confronted by

unions and liberals that may help to explain why so much of that popular unrest gets funneled through movements of the right. The real problem for liberals and labor is that many of their leaders have let Americans forget that their whole reason for existing is not to create bureaucracies, enhance government power, inhibit change in the marketplace or redistribute somebody else's money.

Rather, both the unions and the liberalism of the Progressive Era and the New Deal arose to defend the autonomy of individuals and to enhance their capacity for self-reliance.

Before the rise of the factory, a large proportion of Americans worked for themselves, owning their own tools and their own shops or farms. The factory and the assembly line engendered protest not because workers were against the free market but because they objected to the loss of autonomy, personal freedom and dignity that they saw working for wages, for others, as entailing.

Unions were, of course, always interested in improving wages and working conditions. But, more important, they were about restoring some semblance of control and civic equality to the average worker.

Liberals, for their part, have come to be associated primarily with the creation of the "welfare state" — including good and popular programs such as Social Security and Medicare. But the liberalism of the Progressives and the New Deal was primarily an effort to use the power of government to enhance the liberty of those who felt powerless before large new economic institutions and the terrifyingly strange conditions of the Great Depression.

Franklin Roosevelt, it should be recalled, did not require workers to join unions. He simply signed the Wagner Act, which set up rules under which workers could organize themselves voluntarily. He did not have government take over the farms. He established a price system aimed at keeping farmers in business. The point was to use government to help workers be self-reliant.

By accepting a rhetoric that emphasizes security, state-fostered "compassion" and redistribution, liberals have ceded the rhetorical high ground to conservatives. The conservatives now are the ones who talk incessantly about liberty, opportunity and personal responsibility. Liberals and trade unionists are cast — and sometimes cast themselves — as the friends of bureaucracy, restriction and rigidity.

They ought to take this as a terrible slander, since their movement historically looked to collective action and

government intervention not as ends in themselves but as a means to enhance the range of choices available to individuals and communities.

One of the most devastating comments about the failed campaign for President Bill Clinton's health plan came from a union official who fought hard for the proposal. He said that audiences were shocked to learn that one of the central features of the Clinton plan required employers to offer their workers a choice among at least three health plans.

For the many workers whose employers offer only one plan, this was a huge selling point. What astounded this supporter of the Clinton plan was how little use the administration made of the liberating aspects of its design to counter charges that Mr. Clinton wanted to restrict personal freedom.

In the case of health care, it would appear that liberals became so obsessed with arguing for compassion, intelligent central planning and distributive justice that they failed to deal with the central concern of so many Americans, the freedom to decide how to care for themselves and their children.

There is a lesson here. If liberals and trade unionists let conservatives paint themselves as the only true allies of personal liberty, accountability and self-reliance, the liberal side will continue to lose.

The Washington Post.

Urban Apocalypse or Improved Public Space

By Neal R. Peirce

WASHINGTON — A quarter-century from now, what will urban America be like? Ravaged wastelands? Or supportive, progressive communities with parks and children at play? Little noticed amid summer 1994's political rancor, the season has produced two disparate, compelling visions of where the country may be headed.

One was penned by Robert Guskind, in National Journal's 25th anniversary issue.

MEANWHILE

Looking speculatively forward to 2016, Mr. Guskind contemplated "An Urban Nightmare Come True?"

The alternative vision comes from the San Francisco-based Trust for Public Land, a conservation group that has traditionally worked quietly to preserve key pieces of scenic or historic lands, rural and urban. Now the trust is going public with a dramatic, nationwide "Green Cities Initiative."

Outside of science fiction, it would be tough to equal Mr. Guskind's apocalyptic view of America's urban fate. In 2016, inner-city youth are supporting, with guerrilla tactics reminiscent of the Palestinian uprising, a gang of former drug dealers and users calling themselves the Homeland, led by an African-American nationalist named Brother Khalid. The Homeland stages robberies and shooting sprees in affluent neighborhoods. It uses the proceeds to finance housing, schools and social programs in ghettos where young black males suffer 90 percent unemployment and 95 percent of them

have been arrested and served time in jail.

After a massive 1999 urban uprising that claimed more than 1,000 lives nationwide, Washington formed an Urban Defense Force that has been expanded to a million troops patrolling "urban military zones" in more than 100 afflicted cities and suburbs coast to coast. A sprawling federal penal colony in the Arizona desert holds a million prisoners, many sentenced by federal urban tribunals. Congress has just voted to expand the colony's capacity to 3 million.

There has been wholesale abandonment of such places as Gary, Indiana, and East St. Louis, Illinois. Municipal bankruptcies are running rampant. In principal cities, office buildings in the centers are ringed by heavily armed private guards, and employees enter through parking garages or mazes of tunnels.

To compare that chilling prognosis with the proposal of the Trust for Public Land may seem a bit much. The trust is simply saying that if citizens want to combat urban crime, they must provide recreational space and supervision for young people in poor neighborhoods. But given the demagoguery of crime bill opponents in deriding midnight basketball, or almost any social investment to prevent crime, the case for prevention needs an eloquent exposition. The trust's document — titled "Healing America's Cities: Why We Must Invest in Urban Parks" — does that.

Public open spaces in cities nationwide, the trust discovered in a survey last year, are deteriorating

— budgetary orphans when city finances get tight. Urban parklands for sports, socializing and fresh air are general inadequate and overcrowded. Yet from Phoenix to Newark, Tampa to Philadelphia, the trust cites neighborhoods where crime has dropped when recreation programs were expanded. It quotes Newark's mayor, Sharpe James: "We are going to recreate or we are going to incarcerate. The choice is ours."

The trust says it will try to leverage government, private and foundation outlays of \$2.5 billion to make up for some of the urban parkland deficiencies of the past quarter century. If governments and citizens respond, one can imagine city parks flourishing as they did a century ago, when such great landscape architects as Frederick Law Olmsted were at work and parks were the objects of civic pride and opportunities for divergent classes to mix.

This one organization's voluntary program is emblematic of the new effort that all of American society needs to make, on every front from schools to family care to housing, to pull inner cities back from the brink and avert the social catastrophe now building.

The naysayers may deride all crime prevention outlays as "social pork." Of course, dollars have to be spent prudently and thoughtfully. From welfare to public housing, many of the country's systems cry out for reform. But to withdraw, to spurn the park and recreation, housing, health care and job education needs of inner cities and troubled older suburbs, is to invite the urban apocalypse. The Trust for Public Land shows that there is another way to go.

Washington Post Writers Group.

LETTERS TO THE EDITOR

Crosscurrents in Cairo

If the learned men of the Vatican and the Muslim scholars at Al Azhar University in Cairo really cared about people, particularly women, and if they wanted to reduce the need for unwanted abortions, they would use their considerable influence to assist in the adoption and implementation of the draft program under consideration at the Cairo conference on population and development. The pursuit of decent health care, equal education of all kinds, environmental protection and sustainable development for women and men of all faiths is hardly heresy.

JIM KULSTAD.

Rome.

No government has the right to come between a husband and a wife or a mother and her child, or to dictate the future of marriages and families by political force or persuasion. May Cairo be a place where the world affirms the dignity of human life.

JAYMIE STUART WOLFE.

Salem, Massachusetts.

Regarding the editorial "From Rwanda to Cairo" (Aug. 26):

It is not only the poor countries that should be reducing birthrates. High rates may be seen as beneficial to rich countries, but only under an accounting system that treats natural resources as inexhaustible and ignores pollution and other damage to Earth. Alternative technologies can help, but we all must learn to use and pollute a great deal less and keep our numbers down.

M. SCHNEIDER.

Penzance, England.

Portable-Phone Pollution

Regarding "Forced to Listen In" (Observer, Aug. 31) by Russell Baker:

Mr. Baker asks: What do you do about the guy who takes the last available seat on the commuter train, beside you, pulls a phone out of his dispatch case and does business for the next hour, eight inches from your ear?

It has happened to me: maybe it was the same guy. He boarded exactly as described, just as I was

settling comfortably into my newspaper, and proceeded to give orders, instructions, dressing downs, etc. His voice was not faint, and I knew my journey home was not going to be a happy one.

I had to do something, so extracting a legal pad from my briefcase I stared at him as he spoke and ostentatiously noted down everything he said in as clear and large a hand as I could muster. After a while he noticed.

"Hey, what are you doing?"

"I'm taking notes," I said.

"That's interesting stuff."

"That's confidential," he said.

"Oh, I thought it was for everybody." I pointed to a guy using a laptop computer a few rows away. "See? I think he's taking notes, too."

He gathered his belongings and continued his conversations in the corridor near the toilet. I chortled quietly all the way home.

FRANK STREICH.

London.

phone and become the party at the other end, complete with accent. It works every time, especially in tightly packed compartments. He has nowhere else to go.

NORMAN SANDERS.

Drammen, Norway.

Diana and the Bulls

Regarding "I Search for Diana of Ephesus" (Lettre, Aug. 26):

The writer tells us that the noted Ephesian Diana may have been misinterpreted, that what have been taken as multiple rows of breasts on the statue are actually bulls' testicles, according to the classicist Gerard Seitel. She adds that "the steer" and its testicles were symbolic of fruitfulness. From what we know about steers, this seems unlikely.

JON WINROTH.

Saint-Quentin-les-Trois, France.

'Gratuitous Mud'

Regarding "A Militant Whose Mission for Peace Will Continue" (Meanwhile, Sept. 2):

In the course of praising Linus Pauling, Colman McCarthy throws gratuitous mud on American physicians. Far from being a part of his "scientific life," his advocacy of vitamin C as a cold-stopper was pure mythology, not based on any scientific observations. Very few physicians are "behind to drug companies."

Furthermore, Mr. Pauling's "battles for peace" were not advanced by his very-left position, which earned him the Soviet Union's Lenin Prize. Mr. Pauling's merits as a chemist are beyond discussion, but his peace-making and medical proposals should be taken with quite a few grains of salt.

WILLIAM KONIGSBERGER.

Geneva.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

MONEY SHOW '94

SIEMENS
NIXDORF

FINANCIAL MULTI-CONFERENCE EXHIBITION

Under the aegis of the
Hellenic-German Chamber of Commerce and Industry

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On November 19th and 20th, the investment and financial multi-conference-exhibition "MONEY SHOW" is organized, for the third year, under the aegis of the Hellenic-German Chamber of Commerce and Industry. The organization is managed by the Innovative Applications Centre of the Organotica Group.

The objective of the "MONEY SHOW"

a. The promotion of financial products and services offered in the Greek market.
b. The presentation of various possibilities in dynamic and profitable sectors of the Greek Economy.

What is offered by the "MONEY SHOW"

* Presentations and collaboration discussions with the most important representatives of the New Money Market and/or investors.
* Presentations of services and collaboration negotiations in the pavilion of each exhibitor.
* Contacts, agreements and specialized official information and updates.
* Direct communication with a socioeconomically upgraded public, seeking services and products of the highest standards.
The aim of the "MONEY SHOW" is to create, year after year, the framework within which all factors of the Investment Market, the Money Market, as well as significant institutions of the Economy, can communicate, exchange ideas, identify and formulate mutually beneficial partnerships and relationships, and finalize agreements and collaborations.

The operation of the "MONEY SHOW"

The "MONEY SHOW" will be organized in the Athenaeum Intercontinental Hotel. Its core will be the Multiconference, to be held in the specially modified three-part Ballroom. The about 60 speakers, as well as all the participants of the Conventions, are selected from the sector of the money and investment markets. The subjects of the Multiconference are divided into 12 independent categories (detailed information is available on request). The lower two floors of the Hotel are organized as Offices-Pavilions of the exhibitors, to allow for independent contacts and negotiations. This is most important and differentiates the "MONEY SHOW" from other simple presentations, rendering it both creative and effective.

The central design philosophy of the "MONEY SHOW"

The exhibition operates as an area for discussions and contacts and, secondarily, as an area for presentations, but in all cases for a pre-selected audience. The participation to the exhibition does not fall solely under the logic of the promotion of a company profile, but extends into the centralized organization of all necessary procedures for facilitating negotiations and/or agreements with the most significant prospective customers of each exhibitor. Our collaborators in each parallel convention are the most significant representatives of the specialized press in the particular sector. The 5,000 visitors of the exhibition are made of the audience of the conventions.

Information management of the "MONEY SHOW"

The flow control is computerized and monitored centrally.

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It is the most profound social revolution of our time. For the last hundred years, women of many nations have struggled to change the world's view of women as property and producers of children. We have fought for equality and are now in Cairo to defend a document that women helped write—the 20-year Plan of Action for the U.N. Population and Development Conference.

Our hard-won advances are vividly apparent. But so are the reactions against them.

THE
WORLD
AFTER
CAIRO:

Resistance persists among those who would cast aside women's vital interests for other goals, whether they be calculated by social engineers or theocratic reactionaries.

In the meantime, the reality of women's lives is that 500,000 die from pregnancy-related causes each year. Millions more are maimed by unsafe abortions and sexually-transmitted diseases.

That is why we are insisting that family planning be transformed into comprehensive reproductive health care. Why we promote gender equality so that men, too, can be responsible for their fertility and sexuality. And why we demand that people are supported and financial resources are redirected to assure health and human rights, as well as population stabilization.

The world will change only if we all return home committed to ■ ensuring women's leading roles in the programs that affect our health and our economic security, ■ delivering the new resources pledged, and ■ holding our governments and other institutions accountable.

Cairo is just one stop on a long journey we all share. Join with women from around the world in the social revolution of our time. Please write or call us.

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HEALTH / SCIENCE

A System To Guide The Blind

Obstacles 'Talk' In Landscape of Virtual Reality

By Daniel Goleman
New York Times Service

NEW YORK — The other day Dr. Reginald Golledge, who is blind, took a stroll through the campus of the University of California at Santa Barbara. As Dr. Golledge walked along, places and impediments in his path seemed to call out their names to him — "library here, library here," "bench here, bench here" — guiding him through a Disneyesque landscape of talking objects.

Dr. Golledge, a geographer at the university, was testing a prototype navigation system for the blind that announced the whereabouts of objects through headphones mounted to a computer in his backpack, creating a virtual-reality landscape.

The information came not from some miniature radar but from the signals broadcast by the military's network of global positioning satellites. One day, its developers hope, miniaturized versions of this navigation device, which now weighs 28 pounds (about 13 kilograms), will help the blind navigate unfamiliar neighborhoods.

"With this system you don't need to know a thing in advance about where you're going," said Dr. Roberta Klatzky, a psychologist at Carnegie-Mellon University who is working with Dr. Golledge to develop the navigating device, which is used in conjunction with either a cane or a guide dog. "Blind people can find their way through totally unfamiliar terrain."

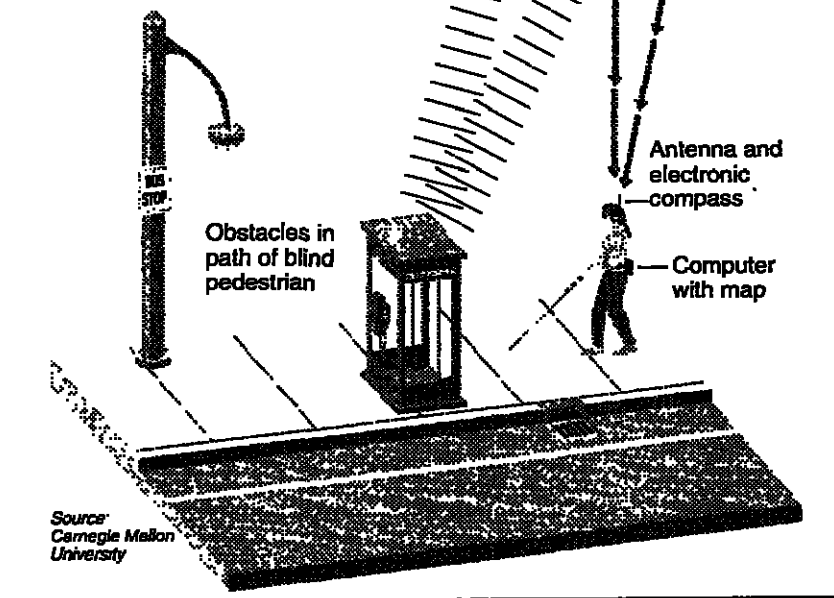
The "personal navigation system," as it is being called, promises to expand blind people's horizons to unfamiliar streets and neighborhoods. Seeing Eye dogs, by contrast, rely on their owners for cues to tell them where to go.

This system will potentially improve tremendously the freedom of movement blind people have," said Dr. Michael Oberdorfer, branch chief of the Visual Processing Program at the National Eye Institute in Bethesda, Maryland, which is financing the research. "A blind person could walk down the street and know not just that he was at 80th and Broadway, but what stores are around, and that Zabar's delicatessen was up ahead."

The developers estimate that everyday use of such devices is at least a decade away, but as other technologies have shown, advances can come much more quickly. Simpler devices, like eyeglasses

Talking Maps

Signals from Global Positioning System satellites are relayed to antenna and coordinated with computerized Geographic Information System map of immediate environment. Blind person hears obstacles identify themselves with recognizable sounds or words. Electronic compass indicates head position, so computer knows what sounds to send to each ear.



Source: Carnegie Mellon University

John Papas/The New York Times

using sonar signals to warn of looming obstacles, are much closer to market.

[The Japanese electronics maker NEC Corp. says it has installed a system in Vaxjo, Sweden, that allows the blind to navigate streets using a cane fitted with magnetic sensors, Bloomberg reported from Tokyo. The cane vibrates when it touches pieces of magnetic iron embedded in pavement.]

THE navigation system uses signals from a satellite-linked positioning device and a computerized map to create a "virtual acoustic display," a kind of talking map in which large objects seem to announce themselves in the headphones with the precise timing and loudness that would be the case if the objects were actually making a sound.

This allows the blind person to sense immediately their distance and direction and use that information for guidance. While no one knows whether it's because blind people tend to develop a sharper sense of hearing, those who have tried the system say they quickly adapt to locating an object through the sounds.

"One of the crucial features of this system is that it takes advantage of sensory psychophysics — how the brain interprets signals from outside to make a map of your surroundings so you can navigate," Dr. Oberdorfer said.

The device relies on a triangulation of signals from four to eight Global Positioning System satellites to find the person's precise location. That information is transmitted to the computer, which contains the map. An electronic compass on the person's head tells the computer the exact position of the ears, so that it can then send messages calibrated to mimic a voice from the location of the object.

On a walk through the campus at the University of California at Santa Barbara, for instance, a simple version of the system might simulate a steady sound that would get louder as Dr. Golledge approached.

The developers are testing different messages, like "library is 30 feet ahead, 20 feet ahead, 10 feet ahead," or compass readings, like "library is at 30 degrees," to see which work best. A more sophisticated version, narrates a journey down the street in terms of the main landmarks being passed. "You'd hear 'I'm the library. I'm the library,' coming from the direction of the library, and it would alternate with other landmarks calling their name, like 'art museum here, art museum here,' to orient you," Dr. Klatzky said. "Then as you reached the building you're going to, it would tell you, 'entrance here, entrance here,' coming from the right direction."

What Made the Pterosaur Fly?

By Malcolm W. Browne
New York Times Service

NEW YORK — Disagreement over the wing structure of extinct flying reptiles has led to a lacerating scientific debate between paleontologists.

Important issues, including the precise relationships between dinosaurs, pterosaurs and birds, could eventually be affected by the debate. But for the moment, attention centers on the fossil remnant of a single reptile about the size of a crow that flew over what is now Kazakhstan 156 million years ago.

Given the erroneous scientific name *Sordes pilosus*, meaning "hairy elf spirit," this little pterosaur had a pointed beak lined with needle-sharp teeth, and a long, flexible tail that may have helped it maneuver.

Paleontologists no longer believe that *Sordes pilosus* had hair, but its original name has stuck. The creature had long, membranous wings, in which an elongated string of bones equivalent to those in the fourth finger of a human hand served as the supporting structure.

The latest volley in the debate over pterosaur wings was fired in a report in the British journal *Nature*. The article argued

that pterosaurs, flying reptiles that were contemporaries (and relatives) of the dinosaurs, had fleshy membranes extending from their wing tips along their bodies all the way to their hind feet. The authors said a membrane extension, called a uropatagium, bridged the space between the animal's ankles, giving it a dive brake or flap useful for maneuvering in low-speed flight, but severely hampering the pterosaur's locomotion on the ground.

The authors of the study, Dr. David M. Unwin and Dr. Natasha N. Bakhurina, paleontologists at the University of Bristol, England, said the fossil evidence suggested that pterosaurs were agile flyers, but as ungainly as grounded bats when crawling.

The scientists concluded that all pterosaurs, not only the small *Sordes pilosus*, probably had much more extensive wing membranes than those depicted in traditional restorations of these animals.

The *Sordes pilosus* Dr. Unwin and Dr. Bakhurina studied was excavated in the 1960s from a rich Jurassic period fossil bed near Karatau, Kazakhstan, by Soviet paleontologists. The stone in this deposit is very fine-grained, and the details of fossils embedded in it, even the outlines of fleshy membranes, have been superbly preserved.

An opposing interpretation of pterosaur

wing structure has long been argued by Dr. Kevin Padian of the University of California at Berkeley. Dr. Padian believes that pterosaurs had walking gaits like those of modern birds, and that their hind legs were unencumbered by linkage to wing membranes.

DR. Padian believes that the hind limbs of pterosaurs more closely resemble those of birds and dinosaurs than they do those of bats, and that since birds walk erect on two feet, pterosaurs did, too. For one thing, he said, the top of a pterosaur femur, or thigh bone, is set off at an angle of 90 degrees to its hip bone — an arrangement that would have made movement much more natural if the animal's legs extended directly downward from the body than otherwise. Also, he said, the fibula leg bone of the pterosaur is much smaller in relation to its tibia leg bone than is the case with crocodiles and lizards — typical crawling reptiles.

"So the reconstruction of *Sordes pilosus* proposed by these guys," Dr. Padian said, "would effectively dislocate the animal's hind limbs."

Dr. Padian said that neither he nor some of his colleagues have been given a chance to examine the contentious fossil directly.

New Schizophrenia Treatment

New York Times Service

NEW YORK — Among the most intractable symptoms of schizophrenia are those that are the most subtle, including social withdrawal, emotional flatness and apathy, which do not respond to most existing medications.

But new studies are finding that very large doses of a form of glycine, a common amino acid, may offer relief from these "negative" symptoms. The finding, reported in the *American Journal of Psychiatry*, is potentially of great importance, because the negative symptoms are more persistent than more blatant ones, like delusions and hallucinations, and account for some of the most debilitating effects of the disorder.

Glycine, which appears to have only minor side effects, could one day offer an alternative to other medications that help with negative symptoms but have risky, potentially fatal, side effects.

But before such a glycine remedy for schizophrenia is possible, a synthetic form will have to be devised, which penetrates the brain more effectively than does glycine in its natural form, researchers say.

In the study, 14 patients who had been hospitalized for schizophrenia on and off for 5 to 10 years were given massive doses of glycine. Those who took the glycine showed a marked improvement in negative symptoms, while a comparison group taking a placebo showed no improvement. The patients were evaluated by psychiatrists who did not know who was taking the glycine.

"We used extremely ill, chronic, deteriorated patients," said Dr. Stephen R. Zuckin, a psychiatrist at the Albert Einstein College of Medicine in New York, and a co-author of the study. "Most had schizophrenia for 15 to 20 years."

One patient, for example, was a 39-year-old man whose first symptom of schizophrenia, in his 20s, was the belief that aliens

had implanted a radio in his brain. "He hears voices commanding his activities," said Dr. Ilana Zylberman, another co-author of the report.

Over the years since that first episode, the man, like most of the other patients in the study, suffered from increasingly severe negative symptoms — like withdrawal from former activities and apathy.

Dr. Zylberman began giving him the glycine. After eight weeks, the man started making small but significant efforts to reconnect with the world around him.

Heartened by such small victories, the researchers are beginning a second round of testing on 30 patients doubling the dose of glycine.

The idea that glycine might help with negative symptoms was first proposed in 1988 by Dr. Rafiq Waziri, a psychiatrist at the University of Iowa.

Daniel Goleman

BOOKS

WHAT THEY'RE READING

Jukebox America:
Down Back Streets and
Blue Highways in Search of
the Country's Greatest
Jukebox

By William Bunch. 293 pages.
\$22. St. Martin's.

Reviewed by
David Nicholson

THIS has got to be a joke, right? A reporter in his 30s, about to marry and buy a house, has an epiphany while listening to Nancy Sinatra's "These Boots Are Made for Walkin'" in a New York bar. This "personal message from the Spirit in the Sky, spoken through a strange female muse," turns out to be a command to travel across America, looking for the country's greatest jukebox, the "Juke of the Covenant."

Fortunately, after its faux-hip, self-inflicted beginning, "Jukebox America" gets a whole lot better. Once author William Bunch gets on the road and outside himself, he proves a pretty fair reporter, observant and adventurous, capable of writing fine, evocative prose. Until then, however, he's just another thirtysomething guy whining about being a member of a generation that never got to do any of the good stuff.

Over a period of about two years, Bunch traveled from Hoboken, New Jersey, where he works as a reporter for *Newsday*, to the Mississippi Delta, to Detroit, Seattle, Chicago and Baltimore. He went looking for jukeboxes, and he found them. What he really found, and what I suspect he was looking for all along, was America.

In Hoboken, the all-Sinatra 45 rpm jukebox at Leo's Grandview restaurant, a "neon altar" to the city's native son, was gone. In its place was a new CD jukebox with only two Sinatra selections.

Like the good reporter he is, Bunch kept digging and turned up some good stories — like how one-time band leader Mike Milo, now proprietor of a Hoboken record store, gave Sinatra his start during the filming

of a movie short with Major Bowes of "Amateur Hour" fame in 1935.

Farther on down the road, in Little Blue's Cafe in Longwood, Mississippi, he found a candidate for the Juke of the Covenant, "one of those ancient console models, designed to look like a home hi-fi of the late '40s, with a heavy brown lid that was pulled open and a big speaker in its base." The jukebox was so covered with dust that the selections — Z.Z. Hill, Albert King, Freddy King, Clarence Carter — were written on several pieces of paper taped to the lid.

The jukebox didn't work, except when Little Blue played a tape deck through the speaker. Still, Bunch got to hear the blues of John Horton and his Speedy Occasion Band, featuring Old Blind Jebby on harmonica, with their "rollicking uptempo sound, the kind of contemporary blues one might hear today from Son Seals."

The names are so perfect that he couldn't possibly have made it up.

It's no accident that so much of Bunch's travels centered on blue-collar, working-class towns or the rural South and Midwest. There's still a tradition of neighborhood bars in places like Chicago and Baltimore, and jukeboxes, as he observes, are cheap entertainment. They're democratic, to boot. You put your money in and you get your choice, but you also have to listen to what everyone else plays.

And that is the subject of "Jukebox America." It's a celebration of a dying phenomenon. Once there were as many as half a million jukeboxes in America; now there are half that number, and jukeboxes with CDs are replacing those with 45 rpm records.

Meanwhile, the Rock-Ola company, makers of the last American jukebox, was for sale



when Bunch visited it in suburban Chicago, and its founder, David Rockola, was in a nursing home. (He died last year at age 96.)

"Jukebox America" is, at its best, a celebration of America and its hard-scramble, contentious diversity. Bunch finally finds his ultimate jukebox in Detroit. There, at Honest? John's Bar (the question mark is part of the name) in that racially torn city, blacks mingled easily with whites, and the jukebox was stocked with everything from Louis Armstrong to the Temptations, from Elton John to Prince. Best of all, with 2,600 45s at home, the owner, John Thompson, plans to keep his old jukebox for a while.

David Nicholson's reviews appear regularly in *The Washington Post*.

BRIDGE

By Alan Truscott

THE freak hand shown in the diagram helped Bert Polli and George Soo, sitting East and West, to win the Open Pair Championship at the Far East Championships, in New Zealand.

Soo passed as dealer with his 10-card suit. He followed by jumping to four hearts, and North doubled. South did well to retreat, but he did not realize that he had reached the par contract with four spades. That was headed for a two-trick defeat, and he should have passed when doubted: his partner knew that the four-spade bid must be based on a four-card suit, and he could retreat if he saw fit.

Instead South frightened by East's double, ventured four no-trump, assuming that North held a heart stopper. Both players stood their ground when this was doubled, and North was surely wrong to do so, holding a fit in both his partner's suits. Five diamonds doubled would have cost a mere 300, although it is likely that West would have continued to five hearts.

West assumed that South

held the guarded heart king, and led a spade. He was worried when dummy produced a heart, but it now seemed likely that his partner was void and that his hand would take no tricks. South could have resigned himself to taking six tricks by putting up the spade ace, but instead he took a desperate finesse and made no tricks at all.

Down 1 gave East-West the rare score of 2,600 en route to victory.

ORTH
♠ A 10 9
♥ J 10 8
♦ A 10 3
♣ A 10 4

WEST (D)
♠ 8 7
♥ A Q 10 9 8 7 6 5 4 3
♦ A 10 3
♣ 2

EAST
♠ 5 4
♥ 6 5 4 3 2
♦ K Q J 10 9 8 7 6 5 4 3 2
♣ A 10 9 8 7 6 5 4 3 2

SOUTH
♠ 10 9 8 7 6 5 4 3 2
♥ A 10 9 8 7 6 5 4 3 2
♦ A 10 9 8 7 6 5 4 3 2
♣ A 10 9 8 7 6 5 4 3 2

Neither side was vulnerable.

bidding: North East South
West Pass 1♣ Pass 1♣
4♥ Pass 4♥ Pass 4♥
Pass Pass 4NT Pass
Pass Pass 4NT Pass

West led the spade eight.

Flu Virus Yields Important Clue

By Tim Hilchey
New York Times Service

NEW YORK — Shedding light on the inner workings of the flu virus, researchers say they have determined how a protein on the surface of the virus undergoes a radical transformation to help infect human cells. Their findings may also prove useful in understanding other viruses, including the one that causes AIDS, they said.

The protein, called hemagglutinin, is a triple-stranded molecule with identical subunits. In its neutral state, the molecule is shaped a bit like a broccoli floret.

Three globular heads containing receptor-binding sites are mounted on three connected stalks that protrude from the membrane surrounding the virus, said Dr. Don C. Wiley, a researcher with the Howard Hughes Medical Institute at Harvard University. The stalks are helical.

"Before it binds with a cell, the protein on the surface of the flu virus is in one shape," Dr. Wiley said in a telephone interview. "Afterwards, it changes its shape radically in order to be able to fuse viral and cell membranes together."

Dr. Wiley suggested that the finding may have wider implications. "Many different viruses have proteins that cause this kind of fusion event," he said. "So you

have the feeling that if you understood the fundamental mechanism of fusion, you might understand something not just about one virus, but about lots of different viruses, for example, measles virus, HIV-1 and flu."

The researchers discovered the basic structure of the protein in 1981. Last week, after 13 more years of molecular detective work, both by their own team and others, they announced their latest discovery: the structure of the protein after it binds with a target cell. Binding of the protein with a cell's surface receptors, then fusion of the viral and cell membranes must occur before infection takes place. Their findings were reported in the journal *Nature*.

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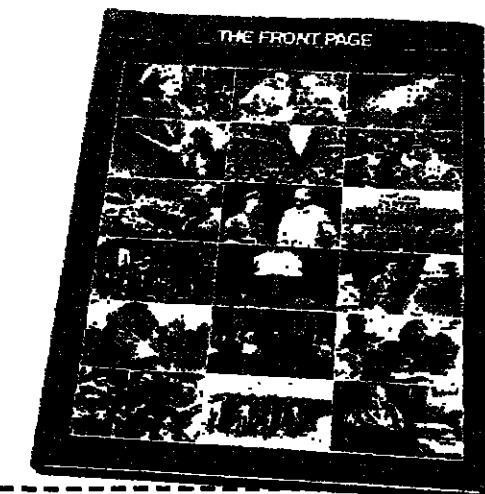
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MARKET DIARY

Rate Rise Fears Burden Wall Street

Compiled by Our Staff From Dispatches
NEW YORK — Wall Street was weighed down Wednesday by concern that accelerating inflation would prompt the Federal Reserve Board to raise interest rates for the sixth time this year, putting pressure on corporate profits.

"Inflation could reheat as a significant factor once again,"

U.S. Stocks

said Eugene E. Peroni, market analyst at Janney Montgomery Scott in Philadelphia.

The Dow Jones industrial average finished down 12.45 points, at 3,886.25, while on the New York Stock Exchange, losing issues outnumbered gaining ones by an 11-to-10 ratio.

Weak Treasury bond prices weighed on stock-market sentiment. The benchmark 30-year Treasury bond fell 6/32, to 99 7/32, sending its yield to 7.56 percent from 7.54 percent.

Bond prices fell after the government said revised up its estimate of labor costs in the second quarter and lowered its measure of productivity. The fall in productivity suggests higher fabrication costs.

Rising commodity prices also

flashed an inflation warning to the bond market. Inflation erodes the value of fixed-income securities.

Hanson PLC's American depositary receipts were the most actively traded issue on the NYSE, slipping 1/4 to 19 1/2 in dividend-related trading.

American Barrick Resource rose 1/4 to 23 1/2 after the company said it won control of Lac Minerals, gaining more than 80 percent of its common shares.

Semiconductor stocks were strong, led by Nextel, which rose 1 1/4 to 24 1/2 after being rated a buy at Lehman Brothers.

America Online rose 3/4 to 81 after the provider of computer on-line services reorganized into four operating companies.

Lotus Development added 2 1/4 to 44 1/4 after the software maker introduced a bundled version of its 1-2-3 Release 5 spreadsheet software for Windows and Approach 3.0 database program.

Philip Morris slipped 1/4 to 60 1/4. The company was sued Wednesday by the state of Florida, which accused it of inflating its stock price temporarily by failing to disclose that nicotine is addictive. (Bloomberg, AP)

The dollar finished in New York at 155.05 DM, up from 153.38 DM Tuesday. The dollar also rose to 99.45 yen from 98.65 yen, to 3.3140 French francs from 3.2860 francs and to 1.2980 Swiss francs from 1.2945. The pound weakened to \$1.5445 from \$1.5525.

Continued from Page 9

the opposite direction," Mr. Krupp was quoted as saying.

The Bundesbank last cut its discount and Lombard rates, its cheapest and most expensive forms of bank financing, respectively, on May 13. The discount rate stands at 4.5 percent and the Lombard rate at 6 percent. The

central bank's market-sensitive securities repurchase rate has been fixed between the discount and Lombard at 4.85 percent for almost seven weeks.

In his comments on Sunday, Mr. Tietmeyer differentiated between trends in short-term and long-term rates. While short-term rates are steady and have potential to fall, long-term rates appear bound to rise, he said.

"This rise is clearly tied to international developments, which we cannot entirely escape," he told the regional German daily Neue Westfälische. He said he hoped that long-term rates had "more or less reached their peak."

German Talk Lifts Dollar

The regional Bundesbank official's comments suggesting rates were not out of the question shored up the dollar on Wednesday.

Continued from Page 9

dispute over the U.S.-Japanese trade talks.

In July, the United States threatened trade sanctions against Japan unless Tokyo acted to end discrimination in government purchases of telecommunications and medical equipment. Mr. Kantor set a deadline of Sept. 30 for Japan to satisfy U.S. demands.

One sign that Washington and Tokyo are keen to avoid a trade showdown was the flurry

of meetings in Washington. Ryutaro Hashimoto, Japan's minister of international trade and industry, had separate sessions with Mr. Kantor, with Robert Rubin, assistant to President Bill Clinton on economic policy, and with Ronald H. Brown, the secretary of commerce.

Mr. Brown, who was discussing ways to open Japan's auto market, proclaimed himself optimistic ahead of the talks.

Mr. Kantor will also meet

Thursday in Los Angeles with the Japanese foreign minister, Yohji Kono, who will join the Quad meetings. The presence of Mr. Kono was deemed in Tokyo to be a hopeful sign, as was his expected return to Washington for a meeting with Mr. Clinton this month.

Mr. Kantor said Wednesday, however, that it would be wrong to expect an immediate breakthrough in the framework talks.

Looking ahead to this weekend, Mr. Hashimoto and Roy

MacLaren, Canada's trade minister, agreed that the Quad group should back Mr. Clinton's proposal to review obstacles to trade in sectors not settled by the Uruguay Round. Reuters reported from Ottawa, Mr. Clinton made the proposal during the Group of Seven summit in Naples in July but withdrew it in the face of opposition from France and Germany.

On Wednesday, an aide to Sir Leon Brittan, the EU trade commissioner, said there was

no objection to "informal discussions at the Quad." But he warned that the G-7 and Quad meetings should not be used to "upstage" post-Uruguay Round talks at the new World Trade Organization, the successor to GATT, which is to be launched in January.

Also to be discussed at the Quad meetings will be progress on ratifying the GATT accord and the status of applicants such as China, Taiwan and Russia.

WASHINGTON (Bloomberg) — American workers' productivity declined a revised 2.5 percent in the second quarter as production costs increased, the Labor Department said Wednesday. The decline was the largest in five years.

The second quarter's decline in productivity was initially estimated as 1.2 percent, after a 2.9 percent increase in the first quarter. Unit labor costs for nonfarm businesses rose 3.4 percent during the quarter, compared with 2 percent in the first estimate.

The report "is a little more nerve-racking" for Wall Street, because the rise in labor and production costs suggest inflation could accelerate, Astrid Adoloff of MCM MoneyWatch said.

WASHINGTON (Bloomberg) — A subsidiary of Daimler-Benz AG has exercised its option to purchase 2.4 million newly issued shares of Detroit Diesel Corp. for \$38.6 million, boosting its stake in the company to 20 percent.

Detroit Diesel is developing an engine for heavy-duty trucks. Now in testing, the engine is scheduled for production next year at Detroit Diesel's plant in Redford Township, Michigan.

WASHINGTON (Bloomberg) — Ronald Haft raised his stake in Dart Group Corp. to 79 percent of its Class B shares in a move to wrest control of the retailing concern from his father, according to documents filed with the Securities and Exchange Commission.

Haft family members have been feuding for months. "I have difficulty reconciling my father's behavior with the legal standards that I understand to apply to companies that accept the public's money as investors," Ronald Haft said in a letter to Dart's outside directors. He was referring to an \$18 million loan his father tried to obtain from Dart. The SEC documents were filed Tuesday.

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Continued from Page 9

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Mr. Brown, who was discussing ways to open Japan's auto market, proclaimed himself optimistic ahead of the talks.

Mr. Kantor will also meet

Thursday in Los Angeles with the Japanese foreign minister, Yohji Kono, who will join the Quad meetings. The presence of Mr. Kono was deemed in Tokyo to be a hopeful sign, as was his expected return to Washington for a meeting with Mr. Clinton this month.

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Looking ahead to this weekend, Mr. Hashimoto and Roy

MacLaren, Canada's trade minister, agreed that the Quad group should back Mr. Clinton's proposal to review obstacles to trade in sectors not settled by the Uruguay Round. Reuters reported from Ottawa, Mr. Clinton made the proposal during the Group of Seven summit in Naples in July but withdrew it in the face of opposition from France and Germany.

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The second quarter's decline in productivity was initially estimated as 1.2 percent, after a 2.9 percent increase in the first quarter. Unit labor costs for nonfarm businesses rose 3.4 percent during the quarter, compared with 2 percent in the first estimate.

The report "is a little more nerve-racking" for Wall Street, because the rise in labor and production costs suggest inflation could accelerate, Astrid Adoloff of MCM MoneyWatch said.

WASHINGTON (Bloomberg) — A subsidiary of Daimler-Benz AG has exercised its option to purchase 2.4 million newly issued shares of Detroit Diesel Corp. for \$38.6 million, boosting its stake in the company to 20 percent.

Detroit Diesel is developing an engine for heavy-duty trucks. Now in testing, the engine is scheduled for production next year at Detroit Diesel's plant in Redford Township, Michigan.

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Continued from Page 9

dispute over the U.S.-Japanese trade talks.

In July, the United States threatened trade sanctions against Japan unless Tokyo acted to end discrimination in government purchases of telecommunications and medical equipment. Mr. Kantor set a deadline of Sept. 30 for Japan to satisfy U.S. demands.

One sign that Washington and Tokyo are keen to avoid a trade showdown was the flurry

of meetings in Washington. Ryutaro Hashimoto, Japan's minister of international trade and industry, had separate sessions with Mr. Kantor, with Robert Rubin, assistant to President Bill Clinton on economic policy, and with Ronald H. Brown, the secretary of commerce.

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The Dow

Daily closing of the Dow Jones industrial average

1994

1993

1992

1991

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EUROPE

Control Higher Metals Prices Help RTZ Profit Rise

Compiled by Our Staff From Dispatches

LONDON — Increased gold prices, rising copper production and a one-time gain helped RTZ Corp. post a 6 percent rise in first-half net profit on Wednesday.

The company earned £280 million (\$434 million) in the half, up from £264 million in the first six months of 1993. The results included a one-time gain of £45 million for the sale of Pasmenco

Ltd. by RTZ's part-owned Australian subsidiary CRA Ltd.

RTZ's sales slipped to £1.86 billion from £2.41 billion, partly because of the Pasmenco sale.

Increased production contributed £23 million to net profit, mostly from better performance in RTZ's U.S. copper, gold and coal operations and its Escondido copper mine in Chile.

Increased prices for gold, lead, silver and aluminum were

offset by flat copper and zinc prices and reduced iron and coal prices. The net effect was to lift earnings by £16 million, said Robert Wilson, the chief executive of RTZ.

A fall in tax charges contributed a further £17 million to profit.

"RTZ's first-half performance in 1994 benefited not only from higher metal prices and improving economic conditions in most major markets, but also from continuing economic growth resulting from our ongoing capital investment program," Mr. Wilson said.

The results exceeded analysts' expectations and sent RTZ's shares up to 883 pence from 871 pence.

But Mr. Wilson warned that over the next 12 months there would be fewer production increases and the company would rely more on metal prices and cost cutting for earnings growth.

Additionally, he said the improved economic outlook, particularly in the United States and Germany, may already be "fully discounted in metals prices."

He said current strong U.S. demand for copper was unsustainable but the shortfall should be taken up by rising demand in Europe. (Bloomberg, AFP)

Total's Half Is Unchanged

Bloomberg Business News

PARIS — Total SA weathered a slump in oil prices to report a net profit virtually unchanged at 1.83 billion French francs (\$340 million) in the first half of this year, thanks to a rise in oil output and profit from chemicals.

The net profit for Total, France's second-largest oil company, trailing only Elf Aquitaine SA, compares with 1.81 billion francs a year earlier and was in line with most expectations. Analysts said it reflected Total's efforts to trim costs under a three-year program designed to lift 2 billion francs off its fixed costs by end of 1996.

Operating profit, excluding financial and onetime items, was also virtually unchanged at 3.52 billion francs, compared with 3.49 billion. It came despite a falling dollar, the currency in which oil is priced, and drops in the Brent crude price and reduced refining profit margins.

Total's chairman, Serge Tchuruk, refused to predict the outcome for the full year, citing volatility in crude prices and refining margins. "I am not brimming with optimism about the coming months," he said.

Airbus Ready to Solo on Ultrajumbo

Compiled by Our Staff From Dispatches

FARNBOROUGH, England — Airbus Industrie said Wednesday it was prepared to develop an ultrajumbo jetliner without the help of Boeing Co., its larger rival.

Airbus, the European aircraft consortium, estimated the cost at \$8 billion. It would be able to begin developing the so-called A3XX by 1995, taking orders by 1997 or 1998 and putting the plane into service by 2003.

Although ultrajumbo jets with twice the capacity of existing airplanes sound alluring when air traffic is forecast to double and then triple in the next century, many industry executives have said they had their doubts.

Routes into congested Asian airports are the most likely candidates for the big jets, but if airlines develop point-to-point services between large numbers of cities in the Pacific region as they have over the Atlantic, critics say the planes would be too big.

Airbus on Wednesday released the most detailed plans yet for a double-decker long-range jet that could carry up to 850 people. The four-engine airplanes would cost about \$200 million apiece,

said Jean-Jacques Huber, the project manager.

By releasing proposed configurations for the jets, Airbus was attempting to move a step ahead, at least on the public-perception front, of Boeing, which is not yet convinced the airlines will be interested in such an airplane.

Boeing is nonetheless discussing possible cooperation on such a project with the individual companies from France, Germany, Britain and Spain that make up the Airbus consortium.

Supersonic jets could provide another form of competition in the next century. Boeing and McDonnell Douglas Corp. are looking into technology for a big supersonic jet that could fly round trip between Los Angeles and Tokyo twice a day.

At the Farnborough International '94 air show, Jean-Jacques Huber, the Airbus project manager for the ultrajumbo jets, said the craft could take off and land on airport runways now used by big airplanes, and use existing engines.

The size of the airplane could give airlines freedom to build rooms on the bottom cargo deck that could be used as fitness centers, business areas or lounges. (AP, Bloomberg)

Hungry for Growth, Nestlé Is Expected To Stalk New Prey

Reuters

ZURICH — Nestlé SA, the world's largest food and beverage company, has an insatiable appetite.

Last month, it increased its interest in the San Pellegrino SpA mineral water concern in Italy. This month, it made clear it had its eyes on a northern German ice-cream maker, Warncke. Next month — who knows?

The Swiss-based multinational has ambitious targets, its chairman, the German-born Helmut Maucher, 66, wants to raise annual sales by more than 70 percent, to 100 billion Swiss francs (\$75 billion), by the end of the decade.

Much of the growth in the last 10 years has come from multibillion-dollar takeovers of brands such as Carnation milk in America, Buitoni pasta in Italy, the British Rowntree chocolate concern, and Perrier mineral water in France.

But the 128-year-old company, based in the western Swiss town of Vevey, plays down speculation that it plans more mega-acquisitions. It says it has filled most of the gaps in its product line.

"Now we can be calmer and concentrate more on internal growth than on acquisitions, although we'll keep our eyes open," Mr. Maucher said in a recent interview with the German magazine Wirtschaftswoche.

The company is trying to keep ahead of its two main rivals, the Anglo-Dutch Unilever Group and the U.S.-based Philip Morris Cos., which owns Kraft-General Foods. All three companies are trying to eat into each other's markets in products ranging from instant coffee and breakfast cereals to chocolate bars and pet food.

Each sees rapid growth and the development of new products as the keys to success. Nestlé's move on San Pellegrino, raising its stake in

the controlling company to 49 percent from 28 percent, was typical of its determined approach. It hates minority stakes but seems ready to wait until a controlling family chooses to sell.

Another possibility lies in Branded Consumer Products of Sweden, the former food, beverages and tobacco operations of Procordia AB. Branded Consumer Products, now held by Volvo AB, owns the Ramlosa mineral water brand.

Analysts said Nestlé's strong cash flow and comfortable debt-to-equity ratio

The company says it has filled most of the gaps in its product line.

leave it with ample muscle for more takeovers. Apart from mineral waters, possible acquisitions are seen to:

- Pet foods, a sector where Nestlé is strong in the United States but weak in Europe.
- Breakfast cereals, in which Nestlé already has a joint venture with General Mills Inc.

- Ice cream, a sector in which Nestlé is No. 2 worldwide, behind Unilever.
- Candies, where Nestlé could make further small takeovers.

But the most attractive candidate on Nestlé's list of potential acquisitions is probably L'Oréal SA, the French cosmetics company.

Under a 1974 agreement, Nestlé owns 49 percent of Gesparal, a holding company that controls L'Oréal, while Liliane Bettencourt, the daughter of L'Oréal's founder, owns the remaining 51 percent. Miss Bettencourt, who is in her 70s, has said she will not sell out to Nestlé, but the position of her daughter, her potential heir, is unknown.

Recovery In France Quickens in 2d Quarter

Reuters

PARIS — France's recovery gathered pace in the second quarter of this year, with the economy growing by 1 percent as business investment and consumer spending showed signs of life, government data showed Wednesday.

The national statistics office said second-quarter growth followed a rise of 0.7 percent in the first three months of the year.

The return to year-on-year growth of 2 percent follows an economic contraction last year of 1 percent, which tipped France into its deepest recession since World War II.

The figures will be comforting for the conservative government, which is hoping that growth will bring unemployment off its near-record of 12.6 percent between now and next May's presidential election.

Private economists, however, said the figures could be bad news for the bond market. Investors have already been dumping European bonds recently in the belief that with economic growth returning there is little likelihood that central banks would reduce interest rates.

German economic figures, due to be released on Thursday, are expected to show second-quarter growth of 0.9 percent in gross domestic product, confirming the picture of robust recovery in Europe.

The French statistics showed that exports, which have been growing since the second quarter of 1993, rose by 2.6 percent. Imports, underpinned by demand for manufactured goods from abroad, grew by 2.8 percent.

Many French companies, anticipating renewed consumer spending, rebuilt their stocks in the second quarter. Investment and consumer spending showed first signs of life since the third quarter of 1993.

There was a 1 percent rise in consumer spending after two stagnant quarters. Investment was up 1 percent, reversing the decline of the previous six months, with business investment up 0.9 percent.

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2300	3400	2300
2200	3300	2200
2100	3200	2100
2000	3100	2000
1900	3000	1900
1800	2900	1800
1700	2800	1700
1600	2700	1600
1500	2600	1500
1400	2500	1400
1300	2400	1300
1200	2300	1200
1100	2200	1100
1000	2100	1000
900	2000	900
800	1900	800
700	1800	700
600	1700	600
500	1600	500
400	1500	400
300	1400	300
200	1300	200
100	1200	100
0	1100	0

Exchange	Index	Wednesday Close	Previous Close	% Change
Amsterdam AEX		415.17	414.28	+0.21
Brussels Stock Index		7,577.98	7,583.27	-0.07
Frankfurt DAX		2,183.82	2,185.90	-0.10
Frankfurt FAZ		818.59	822.38	-0.46
Helsinki HEX		1,944.40	1,942.57	+0.09
London Financial Times 30		2,475.80	2,479.00	-0.13
London FTSE 100		3,203.90	3,205.40	-0.05
Madrid General Index		296.17	294.85	+0.45
Milan MIBTEL		10520	10602	-0.77
Paris CAC 40		1,984.20	1,981.45	+0.14
Stockholm Affarsvaeriden		1,876.22	1,867.73	+0.45
Vienna Stock Index		460.69	459.67	+0.22
Zurich SBS		944.03	941.36	+0.28

Sources: Reuters, AFP International Herald Tribune

Very briefly:

- Christian Dior SA said it was launching the capital increase it postponed in July because of market conditions; the offering of stock and warrants would raise as much as 4.2 billion French francs (\$793 million) for the French perfume and fashion house.
- The European Commission cleared the acquisition by a News Corp. unit, News International PLC, of a 49.9 percent stake in the German television channel Vox.
- Halifax Building Society, Britain's biggest mortgage lender, said the country's housing market was weak despite economic recovery and warned the government against raising interest rates as it reported pre-tax profit of £486 million (\$753 million) for the six months ended July 31, up from £411 million a year earlier.
- Hilton International, a unit of Ladbroke Group PLC, plans to build a 187-room luxury hotel in the center of Belfast; executives said the project was under discussion before the Irish Republican Army said it sought to end violence in Northern Ireland.

Bloomberg, Reuters, AFP

Tatra's U.S. Managers Resign

Bloomberg Business News

PRAGUE — The U.S.-style management experiment at Tatra Koprivnice AS dissolved Wednesday as the three would-be American rescuers resigned.

The truckmaker, which is struggling with a large debt, said its chairman Gerald Greenwald, hired in July to run United Airlines parent, UAL Corp., and his two partners, Jack Rutherford and David Shelby, had resigned effective immediately.

The management team, which arrived at Tatra in March 1993,

cut short a two-year contract that included promises for a minority stake in the company.

Tatra said the three managers had agreed to leave because Mr. Greenwald's recent decision to accept the UAL chairmanship suggested "it's a suitable time to finish the participation" of the management team at Tatra.

The trio, under criticism for the company's poor performance, had been demanding promised stock and warrants in Tatra as a condition for staying.

EXPANSION: Incentive Plan Didn't Export Well

Continued from Page 9

had been so successful at home down the throats of its employees abroad.

The problems were that in Brazil, for example, employees can regard any bonus that is paid for two consecutive years as a part of their base salaries. In Europe, meanwhile, workers considered vacation time more valuable than bonuses, and unions at the acquired companies wanted nothing to do with a system that sought to make workers feel more like independent entrepreneurs.

In France, the system began to take root but fell apart after rapid expansion left the subsid-

iary with no profit to distribute as bonuses, infuriating employees.

Mr. Hastings said the system worked best in "immigrant cultures."

"I doubt that Lincoln's system is exportable," Mr. Hood said.

This year, with the most unprofitable non-U.S. operations closed and others trimmed, Lincoln made nearly \$23 million on sales of almost \$445 million in the first six months. It called on workers to give up their August vacations to keep up with demand, and hundreds did.

The overtime may help those counting on big bonuses. But

for many, working more has added to the discontent, despite the \$100 million in bonuses paid the last two years when the company was in the red.

"The employee attitude has been, 'We didn't create the problem, so why should we pay for it?'" said Richard Sabo, assistant to the chief executive.

Whether that thinking can survive challenges such as the need to deal with customers and competitors globally remains in doubt. The current system has the backing of the Lincoln family's heirs, who collectively own about 51 percent of the stock. At least 30 percent is held by employees.

INDIA: Calcutta Scrambles for Investment in a Bid to Reclaim Its Industrial Dominance

Continued from Page 9

have led all others in the foreign investment stakes.

Most Indian state governments have serious budget problems of their own and must find ways to pay for services infrastructure cannot provide, while also increasing revenue to reduce debts to New Delhi.

"It's going to be a problem. Regional disparities will increase, and that can lead to possible social unrest," Mr. Ambani said of a trend toward development in a relative handful of states. "Unless they tighten up their performance and become industry-friendly, these

other states will be left behind."

Mr. Ambani's comments echoed growing concern that India's economic revival will exacerbate differences between its classes and its regions along an east-west divide.

According to the local magazine BusinessWorld, nine of India's 10 largest cities, 90 percent of all routes flown by private domestic airlines, all but one of several "fast track" power projects and 90 percent of all joint ventures involving foreign investment lie west of an imaginary north-south drawn line across the map of India.

But in Calcutta, the lone "top

10" city in the eastern part of the country where half of the population lives, progress may be on the way, judging from improved electricity supplies and telephone exchanges, as well as from government rhetoric.

"Unless a change of attitude toward industry by the government and unions and a change of view by industrialists comes, we cannot go forward at all," said S.N. Menon, principal secretary to West Bengal's chief minister, Jyoti Basu, India's leading Marxist politician.

"There may be some tears if some workers lose their jobs,

but there will be more tears for everyone if changes aren't made here," said Bidyut Ganguly, West Bengal's minister for commerce and industries.

Negotiations between the state government and unions opposing the job losses included in Accor's involvement at the Great Eastern are continuing after labor leaders took to the streets in protest.

While Mr. Ganguly and Accor refused to comment on talks that have set off a power struggle within groups of the ruling Left-Front coalition, the West Bengal government remains strongly committed to making

the project work and has earmarked funds for early retirement of Great Eastern workers over 50.

"Without a shade of doubt, the attitude of the unions and the politicians has turned around," said P.K. Dutt, vice president of the West Bengal Chamber of Commerce and Industries and managing director of Bata India Ltd. "Labor disputes for little reason are now a thing of the past."

Few industrialists say all their problems have been solved, and serious difficulties remain in unprofitable state-owned industries.

NYSE

Wednesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Stock	Div	Yld	PE	52 Wk High	Low	Latest	Change
100.00	98.00	IBM	3.20	4.5	15.0	100.00	98.00	99.00	+1.00
120.00	118.00	Microsoft	0.00	0.0	15.0	120.00	118.00	119.00	+1.00
80.00	78.00	Apple	0.00	0.0	15.0	80.00	78.00	79.00	+1.00
60.00	58.00	Oracle	0.00	0.0	15.0	60.00	58.00	59.00	+1.00
40.00	38.00	Sun	0.00	0.0	15.0	40.00	38.00	39.00	+1.00
20.00	18.00	Novell	0.00	0.0	15.0	20.00	18.00	19.00	+1.00
10.00	8.00	Lotus	0.00	0.0	15.0	10.00	8.00	9.00	+1.00
5.00	4.00	Intuit	0.00	0.0	15.0	5.00	4.00	4.50	+0.50
3.00	2.00	Adobe	0.00	0.0	15.0	3.00	2.00	2.50	+0.50
1.00	0.50	McAfee	0.00	0.0	15.0	1.00	0.50	0.75	+0.25

12 Month High	Low	Stock	Div	Yld	PE	52 Wk High	Low	Latest	Change
100.00	98.00	IBM	3.20	4.5	15.0	100.00	98.00	99.00	+1.00
120.00	118.00	Microsoft	0.00	0.0	15.0	120.00	118.00	119.00	+1.00
80.00	78.00	Apple	0.00	0.0	15.0	80.00	78.00	79.00	+1.00
60.00	58.00	Oracle	0.00	0.0	15.0	60.00	58.00	59.00	+1.00
40.00	38.00	Sun	0.00	0.0	15.0	40.00	38.00	39.00	+1.00
20.00	18.00	Novell	0.00	0.0	15.0	20.00	18.00	19.00	+1.00
10.00	8.00	Lotus	0.00	0.0	15.0	10.00	8.00	9.00	+1.00
5.00	4.00	Intuit	0.00	0.0	15.0	5.00	4.00	4.50	+0.50
3.00	2.00	Adobe	0.00	0.0	15.0	3.00	2.00	2.50	+0.50
1.00	0.50	McAfee	0.00	0.0	15.0	1.00	0.50	0.75	+0.25

12 Month High	Low	Stock	Div	Yld	PE	52 Wk High	Low	Latest	Change
100.00	98.00	IBM	3.20	4.5	15.0	100.00	98.00	99.00	+1.00
120.00	118.00	Microsoft	0.00	0.0	15.0	120.00	118.00	119.00	+1.00
80.00	78.00	Apple	0.00	0.0	15.0	80.00	78.00	79.00	+1.00
60.00	58.00	Oracle	0.00	0.0	15.0	60.00	58.00	59.00	+1.00
40.00	38.00	Sun	0.00	0.0	15.0	40.00	38.00	39.00	+1.00
20.00	18.00	Novell	0.00	0.0	15.0	20.00	18.00	19.00	+1.00
10.00	8.00	Lotus	0.00	0.0	15.0	10.00	8.00	9.00	+1.00
5.00	4.00	Intuit	0.00	0.0	15.0	5.00	4.00	4.50	+0.50
3.00	2.00	Adobe	0.00	0.0	15.0	3.00	2.00	2.50	+0.50

ASIA/PACIFIC

Toyota to Sell GM Cars via Top Dealer Network

Compiled by Our Staff From Dispatches

TOKYO — Toyota Motor Corp. said Wednesday it had chosen the largest of its five domestic dealer networks to sell cars made by General Motors Corp. for the Japanese market.

The move is likely to give an extra boost to U.S. automakers' efforts to expand sales in Japan. It also comes just as Japanese-U.S. talks on autos and other trade issues are gathering speed ahead of a U.S.-imposed deadline of Sept. 30 for an agreement.

A Toyota executive said Wednesday that the cars would go on sale in January or February 1995.

Toyota agreed last year to buy 20,000 Chevrolet Cavaliers

annually, starting in 1996, for resale in Japan under its own brand name. The right-hand-drive cars are being made by GM specifically for the Japanese market.

Their introduction would make the Cavalier the first model made by one of the Big Three American automakers to be sold in Japan by Toyota, the largest Japanese automaker.

Toyota calls its five domestic dealer networks by the names of Toyota, Toyopet, Corolla, Auto and Vista. The Toyota channel that the company has chosen for the Chevrolet cars is the largest, with more than 1,000 sales outlets and a sales force of 35,000.

U.S. automakers have long complained that unofficial arrangements between manufacturers and dealers have kept foreign cars out of Japanese dealerships. Those arrangements have been eroding in recent years, however, allowing foreign carmakers some access to Japanese dealers.

Japan Telecom Burdens Market

Bloomberg Business News

TOKYO — Stocks closed at their lowest level in four months Wednesday as disappointment over the debut of a closely watched Japan Telecom Co. spread to other shares.

The Nikkei average fell 370.18 points, or 1.8 percent, to 20,023.80.

Japan Telecom shares fell 50,000 yen, to 4.65 million on Tuesday, their first day of trading. On Wednesday they fell 220,000 yen, to 4.43 million yen. The current price for Japan Telecom is 19 percent below the weighted average of 5.44 million yen garnered at the public auction of the shares in mid-August.

General Motors expects the Asia-Pacific region to be its fastest-growing market and plans to base its sales and production strategy there on its Opel range of vehicles, Bloomberg Business News reported from Bangkok.

"Opel has been chosen to be the GM brand for vehicles designed, built and sold outside of North America," said Louis R. Hughes, president of GM Europe and executive vice president of international operations. (AP, Reuters)

End of a Street Fighter? Video Game Takes a Beating in Market

By Andrew Pollack

New York Times Service

TOKYO — Street Fighter took a beating — but on the stock market.

That could indicate a trend. Maybe one of the most successful video game fads has run its course.

Capcom Co., based in Osaka, Japan, spawned a new genre of entertainment and rose to more than \$800 million in sales on the strength of the Street Fighter II series of games for arcades and home video.

But sales of the latest version of the game,

introduced in June, are short of expectations, a result of a slowing of the video-game business and the growth of rival games, particularly Acclaim Entertainment's more violent Mortal Kombat in which the victor can rip out the heart or tear off the head of the vanquished.

Capcom executives said the company's American subsidiary has fallen into unprofitability, caught with 1.65 million unsold games of various titles as of the end of March. On Friday, the company slashed its estimates of sales and earnings for the current fiscal year.

The company's stock, which was selling for about 9,000 yen (\$90) at the beginning of the year, plunged to around 4,500 yen by April. Capcom, traded on the second section of the Osaka Stock Exchange, has lost more than a quarter of its value since Aug. 1, and now trades at about 2,560 yen.

"Capcom needs something new," said Mitsuo Morita, an analyst with Morgan Stanley & Co. in Tokyo. "The Street Fighter II boom was too huge for the company."

It will be difficult to come up with another blockbuster like Street Fighter II, which accounted for 57 percent of revenue in the last financial year.

Nobuhiko Toyoshima of Smith New Court Securities, however, said the recent fall of the stock provided a buying opportunity.

The video-game industry is entering a period of extensive change with the introduction of more powerful machines and the entry of new suppliers. That could provide opportunities for software companies like Capcom.

Capcom was founded as an arcade game company in 1979 by its president, Kenzo

Tajimoto, who had been in the arcade-machine-rental business. With its young software developers dressed in jeans, it has been considered a rare example in Japan of a Silicon Valley-style creative company.

In Street Fighter II, a player controls a video character who fights against another character controlled by a second player or by the machine.

There had been fighting games before Street Fighter II, including the first Street Fighter. But Street Fighter II, introduced in arcades in 1991 and for the Super Nintendo home game machine in 1992, ignited a boom because it offered a certain sophistication in movement and allowed players to choose from among a dozen video characters, each with a distinct personality and fighting style.

Capcom sold 6.5 million copies in its 1993 financial year and an additional 5.4 million for Nintendo Co. and Sega Enterprises Ltd. machines combined in the period, which ended in March. Sales in the last financial year rose to 86.9 billion yen, more than double the level two years earlier. But net income fell by nearly half, to 3.5 billion yen.

The company had been projecting gains, but now expects sales to fall to 63.3 billion yen. One reason is that sales of the new Super Street Fighter II, introduced in June, are running behind.

One of Capcom's problems is that video games are slowing. The current generation of 16-bit machines is aging and consumers are awaiting 32-bit or 64-bit machines to be introduced by Nintendo and Sega as well as Sony Corp., a newcomer to the field. These machines, plus perhaps a new model by 3DO Co., will reach the market between this fall and next fall and should spur software sales.

Capcom has the resources to develop programs for all the game machines. Moreover, the software business could become even more profitable with the next generation.

Software will mainly be sold on compact disks, which are inexpensive to make. With several game machines on the market, software companies will be able to pay lower royalties to hardware manufacturers than they did when Nintendo had a virtual monopoly.

The balance of power is going to shift from hardware manufacturers to software manufacturers," said Joseph Osha of Baring Securities.

China's Li Calls Prices Top Worry

Compiled by Our Staff From Dispatches

BEIJING — China must control skyrocketing prices, or runaway inflation could jeopardize its market reforms. Prime Minister Li Peng said in a speech published Wednesday.

"Many years of experience have shown us that controlling inflation and maintaining price stability is a vital link to the success of implementing reform measures," Mr. Li said.

His comments were printed on the front pages of all major newspapers, a sign of the importance the government places on controlling inflation.

Mr. Li's speech, delivered Tuesday to economic and provincial officials, was the second official warning this week about inflation, which the prime minister called China's most pressing domestic problem.

On Monday, China Information, an official newspaper, said that if food-price inflation did not slow considerably, "it will be hard for people to live."

Public anger over price increases and corruption has aroused concern that the government might decide to curtail its market reforms, which have brought unprecedented prosperity to many Chinese but also created wide disparities in wealth and income.

Figures released in July showed that consumer prices had risen 24 percent from a year earlier.

In 1989, inflation of more than 30 percent helped fuel the Tiananmen Square pro-democracy demonstrations that drew as many as 1 million people into the streets of Beijing and set off similar protests in about 80 other cities. (AP, AFP)

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
11000	2400	22000
10000	2200	21000
9000	2000	20000
8000	1800	19000
7000	1600	18000
6000	1400	17000
5000	1200	16000
4000	1000	15000
3000	800	14000
2000	600	13000
1000	400	12000
0	200	11000
Exchange	Index	Wednesday Prev. Close
Hong Kong Hang Seng	2,327.01	2,338.55
Singapore Straits Times	2,104.40	2,103.60
Sydney All Ordinaries	20,023.80	20,393.98
Tokyo Nikkei 225	1,163.15	1,172.24
Kuala Lumpur Composite	1,532.41	1,535.14
Bangkok SET	972.68	977.50
Seoul Composite Stock	6,895.93	6,830.47
Taipei Weighted Price	3,040.32	3,086.48
Manila PSE	532.05	524.50
Jakarta Stock Index	2,163.75	2,179.22
New Zealand NZSE-40	2,121.14	2,136.29
Bombay National Index		

Sources: Reuters, AFP International Herald Tribune

Very briefly:

- The Hongkong Standard, an English-language daily, on Wednesday is to become the first foreign-language newspaper to be printed in China.
- Toyama Chemical Co. and Mitsui Pharmaceutical Inc. abandoned two years of merger talks Wednesday, blaming a deterioration in the local pharmaceutical industry climate.
- Nippon Telegraph & Telephone Corp. plans to set up nine regional subsidiaries in October for a "personal handy phone system" that will begin service for semimobile phones in April.
- Woolworths Ltd., the largest food retailer in Australia, earned a net 200.1 million Australian dollars (\$148 million) in the year to June 26, up 17 percent from the previous year, helped by a 12 percent jump in sales and growing market share.
- Acer Inc. said sales rose 47 percent in August from August 1993, to 2.77 billion Taiwan dollars (\$1 million), while sales for the first eight months of the year were up 73 percent.
- Goodman Fielder Wattie Ltd. has agreed to change its board in a compromise with dissident shareholders: seeking to shake up the ailing company.
- Indonesia plans to curb inflation, which rose 0.87 percent in August, by holding down food prices.
- Maruti Udyog Ltd., the largest automaker in India, plans to build a third factory to meet the growing demand for its cars.
- STAR TV has signed a five-year deal with Media Asia Distribution Ltd. to distribute its collection of Chinese films.
- China on Wednesday signed a series of deals with French companies worth a total of 2.53 billion francs (\$478 million), of which about 765 million francs were for film contracts. (AP, Bloomberg, Reuters, AP)

Filipinos Cheer Petron's Bullish Debut on Exchange

Reuters

MANILA — Half a million Filipinos, many of them entering the stock market for the first time, more than doubled their investment instantly on Wednesday when Petron Corp. shares made their debut.

Stock in the country's largest oil refiner and distributor opened and closed at 21.25 pesos (81 cents), although they hit an intra-day high of 22.75 pesos. The public offer price was 9 pesos. Brokers suggested the stock could appreciate from the current level.

The government distributed a billion shares, or 10 percent of Petron's capital

stock, to the public as part of the company's sale into private hands.

It was the nation's biggest public offering and the 9 peso price was designed to encourage as many people as possible to participate.

"Through this issue, we have kindled the interest of a multitude of Filipinos in the stock market as it has never been kindled before," the Philippine Stock Exchange president, Eduardo de los Angeles, said.

The exchange's composite index, which does not include Petron, fell 46 points, to 3,040.32, reflecting a sharp

drop in Philippine Long Distance Telephone and other blue chips.

"Petron opened strong because retailers are holding onto their shares," said Gregorio Kilayko, president of Baring Securities Philippines. "This means the man on the street is learning to be an investor."

Petron is owned 40 percent each by Saudi Arabia Oil and the state's Philippine National Oil. The remaining 20 percent is now publicly held.

Real Economic Growth

The gross national product of the Philippines will grow by 7 percent to 7.5

percent in 1994 after inflation even though the government will likely record only 5.5 percent to 5.75 percent, Agence France-Presse reported Wednesday from Manila.

The Philippine Chamber of Commerce and Industry said this underestimation of growth was due to the country's large underground economy of unregistered businesses as well as to understatement of earnings by many companies.

The chamber said the 5.07 percent GNP growth officially registered in the first half of this year would really be as much as 7 percent with this unreported economic activity.

Silence Golden In China Press

Reuters

BEIJING — Chinese journalists who heard that China produced 90 metric tons of gold in 1993 — a commercial secret — were ordered not to report it.

Song Ruixiang, minister of mineral resources, revealed the figure at a news conference on Monday.

Reporters were told not to mention it but the semi-official China News Service reported the number.

Air New Zealand Disappoints

Compiled by Our Staff From Dispatches

WELLINGTON — Air New Zealand Ltd. said Wednesday that rising tourism and an increase in international air traffic helped it post a 37 percent increase in net profit for the first half of 1994, but the results fell a little short of expectations.

The company said profit rose to 190.6 million New Zealand dollars (\$115 million), or 43.3 New Zealand cents a share, from 140 million dollars, or 32.7 cents a share, a year earlier. Many analysts were expecting earnings of 200 million dollars, and some had recently raised their forecasts above that level.

James McCrea, chief executive, said that while the carrier would remain profitable, it would be "irresponsible" to expect profit to rise as much in the current year as in the one just ended.

The net result included a tax payment of 7.5 million dollars that came as a surprise to analysts. The company had no tax liability a year earlier.

Bruce McKay, an analyst at Cavill White Securities, said the airline would probably pay tax at a rate of between 8 percent and 12 percent in the year ending June 30, 1995.

"It's a bit of a guessing game," he said. "It's all tied up with the timing and delivery of new aircraft and also with the method of financing." (Bloomberg, Reuters)

Thailand Increases Bank Rate

Compiled by Our Staff From Dispatches

BANGKOK — The Bank of Thailand raised its bank rate by half a percentage point Wednesday, to 9.5 percent, to stem inflationary pressures by sending a signal to commercial banks.

Supot Kittisuwan, of the Bank of Thailand's banking department, said "It is a signal to commercial banks to exercise caution in lending, given the continuing strong growth of the economy and the accompanying inflationary pressures."

The Bank of Thailand has revised its inflation estimate for calendar 1994 to 4.8 percent from 4.2 percent, versus an actual 3.3 percent in 1993.

"It's actually good news because it sends a signal that the central bank won't object if lending rates go up," said Kessara Manchusree, of Standard-Chartered Securities. "The central bank wants to control inflation, and higher rates will help curb demand."

In practice, commercial banks only apply to borrow funds from the central bank after exhausting the possibilities of the short-term money and bond markets. (Reuters, Bloomberg)

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Fidelity World Fund, a société d'investissement à capital variable organisée under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the registered office of the Fund, Kansallis House, Place de l'Etoile, Luxembourg, at 11:00 a.m. on September 27, 1994, specifically, but without limitation, for the following purposes:

1. Presentation of the Report of the Board of Directors.
2. Presentation of the Report of the Auditor.
3. Approval of the balance sheet and income statement for the fiscal year ended May 31st, 1994.
4. Discharge of the Board of Directors and the Auditor.
5. Election of six (6) Directors, specifically the re-election of Messrs. Edward C. Johnson 3rd, Barry R. J. Bateman, Charles T. M. Collis, Charles T.M. Collis, Sir Charles A. Fraser, Jean Hamilius and H.F. van den Hoven, being all of the present Directors.
6. Election of the Auditor, specifically the election of Coopers & Lybrand, Luxembourg.
7. Declaration of a cash dividend in respect of the fiscal year ended May 31, 1994, and authorisation of the Board of Directors to declare further dividends in respect of fiscal year 1994 if necessary to enable the Fund to qualify for "distributor" status under United Kingdom tax law.
8. Consideration of such other business as may properly come before the meeting.

Approval of items 1 through 8 of the agenda will require the affirmative vote of a majority of the shares present or represented at the meeting with a minimum number of shares present or represented in order for a quorum to be present.

Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to the ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Dated: August 29, 1994

BY ORDER OF THE BOARD OF DIRECTORS

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Herald Tribune

Wednesday's Closing

Wednesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

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一、關於我國經濟建設之現狀。我國經濟建設之現狀，可分農業、工業、交通、商業四方面言之。農業方面，我國農業生產，近年來雖有進步，但生產力仍極低下，農民生活極其困苦。工業方面，我國工業生產，近年來雖有進步，但生產力仍極低下，工人生活極其困苦。交通方面，我國交通建設，近年來雖有進步，但交通設施仍極不完善，交通運輸極其不便。商業方面，我國商業生產，近年來雖有進步，但商業設施仍極不完善，商業運輸極其不便。

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一、關於我國經濟建設的方針。我國經濟建設的方針，是發展生產，繁榮經濟，改善民生，增加就業，發展交通，開發邊疆，加強國防。

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Sept. 7, 1994

The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (f) fortnightly (every two weeks); (r) - regularly; (l) - twice weekly; (m) - monthly.

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|--|--|--|

SPORTS

Macedonia Ties Mighty Danes

Compiled by Our Staff From Dispatches
Macedonia, playing its first match in a major international soccer competition, stunned defending champion Denmark with an early goal Wednesday and held on for a 1-1 draw in qualifying for the 1996 European Championship.

Only a desperation goal from Borussia Dortmund striker Flemming Povlsen with three minutes to play kept the team from the former Yugoslav republic from pulling one of the biggest upsets in Euro qualifying history.

"We never managed to get enough chances to score," said the Danish coach, Richard Moller Nielsen. "They were fast, sure and very aggressive. And I want to compliment them."

Denmark, which has a history of struggling against weaker teams, opened the defense of its title with lackluster play and errant passes—even after Macedonia was reduced to 10 men when Inter Milan striker Darko Pancev was sent off with a red card for elbowing in the 46th minute.

"We played well, even though we are an inexperienced team," Macedonia coach Anton Doncerski said. "I wonder what would have happened if Pancev wasn't sent off."

Defender Mitko Stikovski, who plays for Red Star Belgrade, put the home team ahead in the fourth minute and Bosko

Djurovski nearly made it 2-0 in the eighth.

In other matches played Wednesday:

Group 1
France 0, Slovakia 0: A floodlight failure during the first half in Bratislava blacked out the game for 20 minutes, and the lights partially failed in the second, but the teams completed the match, playing to a goalless draw.

Romania 3, Azerbaijan 0: In Bucharest, Miodrag Belodedici scored in the 43d minute. Dan Petrescu in the 58th and Florin Raducioiu in the 87th against newcomer Azerbaijan.

Group 2
Belgium 2, Armenia 0: Belgium started its qualifying campaign well at home with an early goal from striker Luis Oliveira. But after the initial burst the Belgians lost their way in the face of gritty resistance from Armenia, which was making its debut in major international competition. Marc Degryse scored the second goal in the 73d minute.

Spain 2, Cyprus 1: In Limassol, Francisco Higueras got Spain off to a good start with goals in the 18th and 26th minutes before Andros Sotirou got the home team on the board in the 37th minute.

Group 3
Hungary 2, Turkey 2: Jozsef Kiprich scored in the 5th minute and Gabor Halmat in the 45th for Hungary, playing in



Anton Polster, right, battling defender Patrick Hefti, scored three times during Austria's 4-0 victory in Liechtenstein.

Budapest, Turkey evened it up with goals by Sukur Hakan in the 66th and Korkmaz Bulent in the 71st.

Group 4
Italy 1, Slovenia 1: The defeated World Cup finalists, playing without the injured Roberto Baggio, were fortunate to escape with a 1-1 draw against an inspired Slovenia, playing its first competitive international in Maribor. Striker Saso Udovic had given Slovenia a 13th minute lead but Alessandro Costacurta tied the score two minutes later.

Lithuania 2, Ukraine 0: The prize of a luxury car, offered by a local sponsor to the first Ukrainian scorer, failed to help

the home team at Kiev. Imants Shumbris, in the 54th minute, and Aurelius Shkarbeilus, in the 61st, accounted for the goals.

Group 5
Netherlands 4, Luxembourg 0: The visiting Dutch team took a 1-0 lead at halftime and went on to score three more goals in the second half to top Luxembourg. Ronald de Boer scored two goals and Bryan Roy and Wim Jonk had one each.

Group 6
Portugal 2, Northern Ireland 1: In Belfast, Joao Costa led off the scoring with a goal in the 8th minute. Jimmy Quinn tied the game in the 58th minute on a penalty shot, then Domingos Oliveira put Portugal ahead in the 81st minute.

Ireland 3, Latvia 0: In Riga, John Aldridge scored in the 16th minute, then again in the 75th on a penalty after John Sheridan got a goal for Ireland in the 29th minute.

Austria 4, Liechtenstein 0: At Eschen, Liechtenstein, Anton Polster got a hat trick and Franz Aigner added another goal as Liechtenstein fell to 0-2

in its European Championship qualifying debut.

Group 7
Wales 2, Albania 0: In Cardiff, Chris Coleman and Ryan Giggs scored for the winners.

Moldova 1, Georgia 0: Igor Oprya scored the only goal in the 40th minute in front of 40,000 at Tbilisi's National Stadium.

Group 8
Greece 5, Faeroe Islands 1: Visiting Greece got off to a flying start, winning by four goals in Tofur.

Scotland 2, Finland 0: In Helsinki, Duncan Shearer and John Collins scored in each half.

(AP, Reuters)

English Avenge Defeat by U.S.

By Ian Thomsen
International Herald Tribune

WEMBLEY, England — Much has changed since the United States last met and beat England. The Americans made their names in the World Cup, reaching the Final 16, while the English sat home watching. It has to be said, however, that the interim 15 months has most helped — England.

The mother country of soccer beat back its aggrandizing colonists by 2-0 Wednesday night. It took Alan Shearer all of 40 minutes to reverse score of the 2-0 victory in that 1993 Boston friendly match.

Having lived up to the demands placed on them as host of the World Cup, the Americans were rewarded with an invitation to play here for the first time, in the cradle of the game. It was their first international match as well since the July 4 stalling of Brazil at San Francisco, but within a half-hour the celebrating had been overtaken by the panic of having to make payments in this utterly new and glamorous neighborhood.

As fate would have it, Shearer's victim was the red-guested American who cashed in most from last summer. How Alasdair Laas reacts to his hard introduction to the real world will tell a lot about the immediate future for soccer in his country. In becoming the first from the United States to reach the

Italian Serie A, he suffered a 5-0 defeat with Padua against Sampdoria (and David Platt, the English captain); by half-time here, the happy star of last summer was facing a roasting from the British press — when, really, everything that has become of both teams is a function of that upset 15 months ago. The England of 1993 never could have focused so much trouble on Laas.

For England to reform as the attacking, inventive team orchestrated Wednesday by Terry Venables — now undefeated and unscored on in four games as manager — it seems that the failure to qualify and the American loss had to happen first. With a new appreciation for the experience that separates these two nations, the English built patiently, assuredly, with the opening minutes belonging to John Barnes.

His personal booing had been a sad anthem of manager Graham Taylor's tenure; now 30 and in a new position just behind the front line, he won cheers with signature inventions like his chip over the top teasingly just beyond Platt.

Whereas the English used to fret over every wasted chance, they learn from it now: Shearer just wide from inside the box, his striking partner, Teddy Sheringham, whacking a shot off of goalkeeper Brad Friedel, and the on-charging Platt picking Thomas Dooley's pocket to set up Sheringham's shot deflected just wide.

With the English drum beating louder and faster with each run, the Americans were missing their midfielder John Harkes, out with a torn calf.

Not only does he know these opponents from the English League, but his absolute refusal to lapse into a defensive mindset could have helped the Americans counterattack. As it was, they were almost as passive here as in their previous loss to Brazil, and it's no coincidence that Harkes missed that game, too.

Ominously, then, Shearer nudged wide to Sheringham for a shot saved by Friedel, who, by the way, appeared to disprove the English players' union, which has decried his working papers with Newcastle for fear that he isn't up to a high enough standard.

Moments later, in the 33d minute, Shearer returned down the right side into the box, where Laas backed off just a step. Shearer attacked the space and jammed his fourth international goal inside the near post, through a slot hardly bigger than the ball itself.

Seven minutes later, he came back for a cross from Graeme Le Saux. Laas backed off, unable to anticipate Shearer's diving header, and England's best played it 90 degrees inside the near post, with no hope for Friedel. As far as England was concerned, back to normal.

FIA Clears Benetton, But Not Schumacher

Compiled by Our Staff From Dispatches
PARIS — Benetton, the leading Formula One motor racing team, escaped punishment Wednesday for tampering with refueling equipment but did not get the disqualification of driver Michael Schumacher returned.

The International Automobile Federation ruled that Benetton had made an "honest mistake" in removing a filter from its pit crew's refueling device at July's German Grand Prix, where a flash fire engulfed the car of Jos Verstappen.

"We had no evidence to suggest they had deliberately done something to earn an advantage," said FIA's president, Max Mosley.

Benetton said the refueling pump manufacturer, Interpump, had given instructions to another team on how to remove the filter and it was considered part of the process.

But FIA's world council rejected Benetton's appeal concerning the disqualification of Schumacher's car at the Belgian Grand Prix last month.

Schumacher won the race, but afterward it was found that the skid-block under his car — a speed-reduction device introduced midway through the season — did not meet FIA specifications.

Last week Schumacher lost an appeal for ignoring a black flag at the British Grand Prix and is suspended two races.

He leads the standings by 21 points over Britain's Damon Hill. But Hill can close the gap to one point if he wins the two races — this Sunday's Italian Grand Prix and the Portuguese Grand Prix on Sept. 25 — that Schumacher will miss.

In another decision Wednesday, McLaren was fined \$100,000 for not providing the access codes to its computer software but was not penalized for a gear-box infraction.

FIA said there are many interpretations of the new rules and McLaren's explanation showed it was not trying to deceive.

(AP, Reuters)

SCOREBOARD

BASEBALL

Japanese Leagues

Control League

Yamaguchi

Hiroshima

Chunichi

Hanshin

Yokohama

Yokohama

Yokohama

Yokohama

Yokohama

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Women's Singles

Quarterfinals

Katerina Maleeva, Bulgaria, and Robin White, U.S., def. Nicole Pietrangeli, Australia, 6-3, 6-1.

Larisa Neiland, Latvia, and Gabriela Sabatini, Argentina, 10-1, def. Patty Fendick, U.S., and Meredith McGrath, Midland, Mich., 3-1, 6-4, 7-6(4), 6-4.

Doubles

Katerina Maleeva, Bulgaria, and Robin White, U.S., def. Nicole Pietrangeli, Australia, and Larisa Neiland, Latvia, and Gabriela Sabatini, Argentina, 6-3, 6-1.

Larisa Neiland, Latvia, and Gabriela Sabatini, Argentina, 10-1, def. Patty Fendick, U.S., and Meredith McGrath, Midland, Mich., 3-1, 6-4, 7-6(4), 6-4.

Soccer

International Friendly

Switzerland 1, United Arab Emirates 0

ONE DAY INTERNATIONAL

Australia vs. Pakistan

Wednesday, in Colombo

Australia 157-9 (30 overs)

Pakistan 139-9 (30 overs)

Result: Australia wins by 30 runs

U.S. Open

Men's Singles

Fourth Round

Jonas Bjornstrom, Sweden, def. Joerg Rastbach, Germany, 3-6, 6-3, 6-2 (7-5), 6-2.

Karel Novacek, Czech Republic, def. Javier Franco, Argentina, 6-3, 6-2 (7-5), 6-2.

Yasuo Yano, Peru, def. Pete Sampras (1), U.S., 3-6, 6-4, 7-6(4), 7-5.

Michael Stich (2), Germany, def. Yevgeny Kafelnikov, Russia, 7-6 (7-5), 6-3, 6-2.

Doubles

Wayne Ferreira, South Africa, and Mark Knowles, Bahamas (1), def. Tom Nijssen, Netherlands, and Cyril Suk, Czech Republic, 6-3, 6-4.

Todd Woodbridge and Mark Woodhouse, Australia (2), def. Martin Damm and Karel Novacek, Czech Republic, 12-6, 6-3, 7-6(4).

Jacco Eltingh and Paul Haarhuis, Netherlands (3), def. David Adams, Australia, and Andrei Olhovskiy, Russia (2), 7-6 (7-5), 7-6 (7-5).

World Swim Championships

Swimming

Finals

100 butterfly: 1. Rafal Szustka, Poland, 55.1 seconds; 2. Lars Frander, Sweden, 56.6; 3. Denis Pankratov, Russia, 58.8; 4. Milos Milosevic, Croatia, 58.8; 5. Mark Henderson, U.S., 59.9; 6. Frank Esposito, France, 54.1; 7. Anthony Nesty, Suriname, 54.3; 8. Denislov Katchev, Bulgaria, 54.8.

400 individual medley: 1. Tom Dolan, United States, 4 minutes, 12.30 seconds; 2. Joni Steffen, Finland, 4:12.27; 3. Eric Hammers, U.S., 4:15.89; 4. Curtis Myden, Canada, 4:17.93; 5. Marcin Molinski, Poland, 4:19.48; 6. Luca Secchi, Italy, 4:20.32; 7. Phillip Bryant, Australia, 4:21.26; 8. Robert Selig, Germany, 4:22.92.

200 breaststroke: 1. Sonja Henie, Norway, 2:24.87; 2. Yvonne Cline, China, 2:27.38; 3. Brigitte Becue, Belgium, 2:28.85; 4. Rabecqa Brown, Australia, 2:28.87; 5. Del Gushki, Russia, 2:28.95; 6. Kristine Quance, U.S., 2:29.44; 7. Guylaine Cloutier, Canada, 2:30.48; 8. Hitomi Matsuda, Japan, 2:31.03.

Wrestling

Men

Quarterfinals

Scout 15, Netherlands 7

Croatia 9, United States 7

Hungary 11, Greece 6

Italy 7, Russia 6

South Africa 16, Canada 5

Romania 7, Australia 5

Germany 16, New Zealand 4

Russia 11, Brazil 4

Germany 5, Kazakhstan 5

Netherlands 10, Hungary 8

Italy 7, United States 7

Women

Preliminary Round

Australia 10, Kazakhstan 4

Italy 14, Germany 7

Canada 15, France 5

Australia 15, New Zealand 4

Russia 11, Brazil 4

Germany 5, Kazakhstan 5

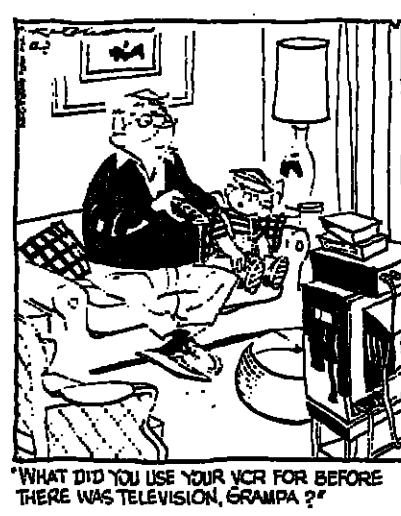
Netherlands 10, Hungary 8

Italy 7, United States 7

Women

Preliminary Round

DENNIS THE MENACE



WHAT DID YOU USE YOUR VCR FOR BEFORE THERE WAS TELEVISION, GRAMPA?

JUMBLE

THAT SCRAMBLED WORD GAME

Unscramble the words below, then write them in the spaces provided.

FECAL

DOLBY

TRAPSY

PORTSY

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ANSWER: A

ANSWER: A

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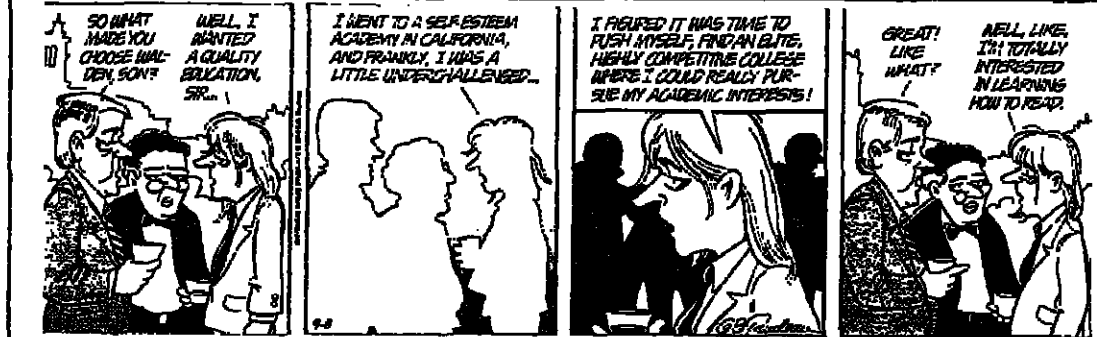
GARFIELD



BEETLE BAILEY



DOONESBURY



CALVIN AND HOBBES



WIZARD OF ID



THE FAR SIDE



BLONDIE



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For the
MOMENTS
THE
TO OL

Avenge China Gets Record by U.S. And 4 More Gold

The Associated Press

ROME—China's women set a another world record and collected three more gold medals Wednesday at the World Swimming Championships to take their tally to six titles in the pool.

The quartet of Le Jingyi, Shan Ying, Le Ying and Lu Bin swam the 400-meter freestyle relay in 3 minutes, 37.91 seconds to slice 1.55 off the 2-year-old mark set by the United States at the Barcelona Olympics.

China's He Cihong won the 100 backstroke and Yang Aihua easily won the 400 freestyle.

Tan Shuping won China's fourth diving gold of the championships, producing two spectacular efforts to leave the field well behind in the women's 3-meter springboard.

Russia won two golds, with Alex Popov scoring an almost leisurely victory in the 100-meter freestyle and Vladimir Selov triumphing in a championship record time in the 200 backstroke.

But Popov apart, the other world record holders in action flopped.

Janet Evans, one of the greatest long-distance freestylers of all time, placed fifth in the 400 final and Krisztina Egerszegi, Hungary's top Olympic gold medalist in Barcelona, also placed fifth in the 100 backstroke.

At least Spain's Martin Lopez-Zubero collected a silver in his event behind Selkov.

Popov cruised to victory after making the turn second to Hall in 23.48. Popov clocked 49.12, still better than anyone else this year but well outside the 48.21 he swam in breaking Matt Biondi's world mark at Monte Carlo in June.

Evans, Olympics titlist in 1988 and silver medalist four years later, came into her race as the defending titlist and world record holder.

One of the slowest qualifiers for the final, Yang led almost from the first stroke from lane one.

A world record did come in the final race of the night, however.

Le Jingyi and Franz Van Almsick, newly crowned world record holders at 100 and 200 meters, faced off in the first leg but failed to beat Le's mark of 54.01, set on Monday.

Shan Ying swam 54.38 and Le Ying clocked 55.09 as the Chinese increased their lead to almost three seconds over the Americans by the time Lu Bin, double silver medalist in the 100 and 200 finals, took over.

Lu swam 54.13 to enable to Chinese to take such a huge amount off the previous mark.

The American team of Angel Martino, Amy Van Dyken, Nicole Haislett and Olympic champion Jenny Thompson finished second but a long way back in 3:41.50.

Germany's team, Van Almsick, Katrin Meissner, Kerstin Kielgass and Daniela Hunger, was third in 3:42.94.

Tan added the gold to the silver she took in the 1-meter springboard competition won by countrywoman Chen Lixia.

The Chinese have been nothing but dominant in the diving and their haul after five events now totals eight medals — four gold, three silver and one bronze.

Zimbabwe's Evan Stewart, in the men's 1-meter springboard, is the only other gold-winner with the men's 10-meter highboard still to come Thursday.

SIDELINES


A White House Str

WASHINGTON (WP) — T has rejected a suggestion by fe that President Bill Clinton appoint person, such as former President former Secretary of State George trate the baseball strike.

Both the White House and director of the Federal Mediation Service, concluded that the right," said a presidential aide.

For the Record

Bob Matheson, 49, a member fence" — named after his unit that helped the Miami Dolphins Super Bowls in the early 1970s, battle with Hodgkin's disease.



Jana Novotna, aided by 37 un-

ikeout

the White House federal mediators point a prominent nt Carter or the e Shultz, to arbi-

John C. Wells, on and Concilia- "timing was not Bruce Lindsay.

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Tim Clun, Agence France Presse
Pierce, 6-4, 6-0, in the Open.

Compiled by Our Staff From Dispatches

NEW YORK — Seventh-seeded Jana Novotna defeated No. 4 Mary Pierce, 6-4, 6-0, Wednesday to join top-seeded Steffi Graf in the women's semifinals of the U.S. Open.

Pierce, who upset Graf to reach the final of the French Open earlier this year, couldn't control her own power game, repeatedly hitting long.

"I'm very disappointed because I was looking forward to playing Steffi again," said Pierce, who has lost to Novotna both times they have met.

Graf was a 6-0, 6-2 winner over Amanda Coetzer in the day's first match.

Neither Novotna nor Pierce took command in their first set, which saw five service breaks.

"She was hitting quite well in the beginning of the match," Novotna said, "but it didn't work so she changed her game."

For Pierce, it was a change for the worst. Novotna, growing ever more confident, ripped through the final six games.

She moved Pierce from side to side and from the baseline to the net, waiting until her opponent made a mistake. And Pierce did, committing 37 unforced errors, 15 more than Novotna.

Graf, seeking her second straight and fourth overall title

at the National Tennis Center, took only 55 minutes to eliminate Coetzter, the 11th-seeded South African.

"Time is something I don't really care too much about," said Graf, who hasn't been kept on court more than 55 minutes thus far.

In men's quarterfinal matches, No. 9 Todd Martin took on Bernd Karbacher, while crowd-favorite Andre Agassi met No. 13 Thomas Muster.

The upset of Pete Sampras, the defending champion and top-seeded player, by 23d-ranked Jaime Yzaga of Peru on Tuesday night, rendered this the first U.S. Open, since seeding began in 1927, to lose all three of its top-seeded men prior to the quarterfinals.

Fourth-seeded Michael Stich, facing Yevgeni Kafelnikov, the 20-year-old Russian whose rise through the ranks has been swift and fearless, dealt the Russian a 7-6 (10-8), 6-3, 6-2 dressing-down.

"I was moving great at the baseline. I was moving great at the net, and I think it was my best match probably this year," said Stich, who faces a less daunting quarterfinal opponent in unseeded Jonas Bjorkman.

Sampras's physical condition deteriorated as his match wore on.

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to had a one-China policy that recognized Beijing.

Earlier, Taiwan warned that it might boycott the games if OCA officials rescinded Lee's invitation under pressure from Beijing. Taiwan has entered 270 athletes.

A record 7,300 athletes and officials from 42 nations are due to take part in the quadrennial sports event from Oct. 2 to 16, competing in 337 events in 34 sports.

Lee will fly to Japan by private plane and take part only in the opening ceremony, a foreign minister spokesman said. (*Reuters, AFP*)

"I really saw that he was getting tired, more tired every time, and I congratulate him because he never really gave up, and obviously he wasn't feeling well, but that's what makes a champion. He kept fighting un-til the end," observed Yzaga, who saved his admiration of Sampras' mettle until the upset was complete.

His 3-6, 6-3, 4-6, 7-6 (7-4), 7-5 victory sent him into the second Grand Slam quarterfinal of his career.

Already bothered by a calcium deposit related to a summer-long bout with tendonitis in his left ankle, Sampras developed blisters on his right foot during the 3-hour-38-minute match, his back stiffened, and toward the match's conclusion he was moving like a man wined in quicksand.

His racquet appeared more useful as the crutch that propped him up between points than as the weapon he used under routine circumstances to win 35 of his last 36 Grand Slam matches along with four of the last five Grand Slams.

"I just hit the wall; I didn't have anything left, and on the last four or five games I was just going on adrenaline from the crowd," said Sampras, who doesn't often excite or need the crowd's sympathies.

According to the tournament physicians who huddled with him after the loss, Sampras, who had been taking anti-inflammatories for his foot trouble, was suffering from a generic case of overwhelming muscle fatigue.

From powerhouse to powerless, the world's No. 1 player was transformed into a pawn for Yzaga's diligent ground-strokes.

"Everybody was saying that he's unbeatable, whatever," said Yzaga, who knew differently and now leads their rivalry, 3-2. "He's a great player, probably the best player in the world right now, and you have to play real, real well to beat him. But everybody is beatable." (AP, NYT)

Graf and Novotna Gain Women's Semifinals



Tim Clark, Agence France-Press

Compiled by Our Staff From Dispatches

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A White House Strikeout

WASHINGTON (WP) — The White House has rejected a suggestion by federal mediators that President Bill Clinton appoint a prominent person, such as former President Carter or the former Secretary of State George Shultz, to arbitrate the baseball strike.

Both the White House and John C. Wells, director of the Federal Mediation and Conciliation Service, concluded that the "timing was not right," said a presidential aide, Bruce Lindsay.

For the Record

Bob Matheson, 49, a member of the "53 Defense" — named after his uniform number — that helped the Miami Dolphins to three straight Super Bowls in the early 1970s, died after a long battle with Hodgkin's disease. (AP)

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Taiwan, Roiling Asian Games, Says President to Attend

TAIPEI — President Lee Teng-hui of Taiwan announced Wednesday that he had accepted an invitation to attend the opening ceremony of next month's Asian Games in Hiroshima, which China has threatened to boycott if Lee does attend.

Taiwan's Foreign Minister, Friedrich Chien, said in a statement that Lee had decided to accept the controversial invitation extended this summer by Kuwait's Sheikh Ahmed al Fahad, president of the Olympic Council of Asia.

China, with the biggest foreign

entry for the games, 568 athletes last week threatened to boycott. Lee accepted the OCA invitation while Sheikh Ahmad has refused to withdraw it on the grounds that athletics and politics should be mixed.

There was no immediate reaction to Wednesday's announcement from Beijing or Tokyo. In Beijing, where the last games were held, the ceremonial flame was being lit by Japanese representatives to the 1992 Hiroshima.

Taiwan's foreign ministry said Tokyo had been informed of the decision, but also said that "the

not need to consult with the U.S. about the issue because the U.S. student was invited by the Japanese OCA.

"The purpose of President Reagan's trip to Hiroshima is simply to attend an international symposium," Chien said through a foreign press spokesman, and "the purpose of the trip has nothing to do with the historical relations between the Republic of China and Japan."

But, at a sign of Japanese interest that China might boycott the trip, Minister Tomiichi Muraoka stepped into the diplomatic arena Tuesday to remind Taipei

kyo had a one-China policy recognized Beijing.

Earlier, Taiwan was might boycott the games officials rescinded Lee under pressure from the wan has entered 270

A record 7,300 athletes from 42 nations will part in the quadrennial from Oct. 2 to 16, commencing with the opening events in 34 sports.

Lee will fly to Japan by plane and take part in the opening ceremony, a Tokyo spokesman said.

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From powerhouses, less, the world's was transformed for Yzaga's dilapidated strokes.

"Everybody was he's unbeatable," said Yzaga, who recently and now lives in the 3-2. "He's a probably the best world right now, to play real, real him. But everybody."

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Puzzle by Daniel F. Starks

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Solution to Puzzle of Sept. 7

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